

STAMPS.COM INC  
Form DEF 14A  
April 28, 2015

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant  
Filed by a party other than the Registrant o  
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material pursuant to §240.14a-12

STAMPS.COM INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount previously paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing party:
- (4) Date filed:

1990 E. Grand Avenue  
El Segundo, CA 90245  
(310) 482-5800

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Stamps.com Inc. (the Annual Meeting ) to be held at 10:00 a.m. Pacific Daylight Savings Time on Wednesday, June 17, 2015, at Stamps.com Inc., 1990 E. Grand Avenue, El Segundo, CA 90245.

Your vote at the Annual Meeting is important to us. At the Annual Meeting, you will be asked to (i) elect two directors, (ii) approve, on an advisory basis, our executive compensation, (iii) approve the 2014 Amendment to the Stamps.com Inc. 2010 Equity Incentive Plan, and (iv) ratify the selection of our independent auditors for 2015. The accompanying Notice of 2015 Annual Meeting of Stockholders and proxy statement describes the matters to be presented at the Annual Meeting.

Our board of directors unanimously recommends that stockholders vote in favor of (i) the election of the nominated directors, (ii) the resolution approving, on an advisory basis, our executive compensation, (iii) the approval of the 2014 Amendment to the Stamps.com Inc. 2010 Equity Incentive Plan, and (iv) the ratification of our independent auditors for 2015.

Whether or not you plan to attend the Annual Meeting, please mark, sign, date and return your proxy card in the enclosed envelope as soon as possible. Your stock will be voted in accordance with the instructions you have given in your proxy card. Please note that if your stock is held by a bank, broker or other nominee, you must follow the instructions you receive to have your stock voted. You may attend the Annual Meeting and vote in person even if you have previously returned your proxy card.

Sincerely,

/s/ Ken McBride

Ken McBride  
Chief Executive Officer

Los Angeles, California  
May 6, 2015

1990 E. Grand Avenue  
El Segundo, CA 90245  
(310) 482-5800

NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 17, 2015

TO THE STOCKHOLDERS OF STAMPS.COM INC.:

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Stockholders (the Annual Meeting ) of Stamps.com Inc., a Delaware corporation, will be held on June 17, 2015, beginning at 10:00 a.m. Pacific Daylight Savings Time at Stamps.com Inc., 1990 E. Grand Avenue, El Segundo, CA 90245, for the following purposes:

1. To elect two directors to serve for a three-year term ending at the 2018 annual meeting of stockholders or until their successors are duly elected and qualified;
2. To approve, on an advisory basis, our executive compensation;
3. To approve the 2014 Amendment to the Stamps.com Inc. 2010 Equity Incentive Plan; and
4. To ratify the appointment of Ernst & Young LLP as our independent auditors for 2015.

The foregoing matters are described in more detail in the enclosed proxy statement. Our board of directors has fixed the close of business on April 17, 2015 as the record date for the determination of our stockholders entitled to notice of, and to vote at, the Annual Meeting and any and all postponements or adjournments of the thereof. Only those stockholders of record as of the close of business on that date are entitled to notice of and to vote at the Annual Meeting. Our stock transfer books will remain open between the record date and the date of the meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection by any of our stockholders, for any purpose germane to the meeting, at the Annual Meeting and during ordinary business hours at our executive offices for a period of ten days prior to the Annual Meeting.

All stockholders are cordially invited to attend the Annual Meeting in person. Whether or not you plan to attend, please sign and return the enclosed proxy card as promptly as possible in the envelope enclosed for your convenience. Should you receive more than one proxy card because your shares are registered in different names and addresses, each proxy should be signed and returned to assure that all your shares will be voted. You may revoke your proxy at any time before the Annual Meeting. If you attend the Annual Meeting and vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

**YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY, COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE.**

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ SETH WEISBERG

Seth Weisberg  
Chief Legal Officer  
and Secretary

Los Angeles, California  
May 6, 2015

**Important Notice Regarding Availability of Proxy Materials  
for the 2015 Annual Meeting of Stockholders to be Held on June 17, 2015**

Our proxy statement and annual report on Form 10-K are available on the Internet at <http://investor.stamps.com/sec.cfm>.

1990 E. Grand Avenue  
El Segundo, CA 90245

**PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JUNE 17, 2015**

**GENERAL INFORMATION**

**General**

The enclosed proxy is solicited on behalf of the board of directors of Stamps.com Inc. (our Board), for use at our Annual Meeting of Stockholders to be held on June 17, 2015 and at any and all adjournments or postponements thereof (the Annual Meeting). The Annual Meeting will begin at 10:00 a.m. Pacific Daylight Savings Time at Stamps.com Inc., 1990 E. Grand Avenue, El Segundo, CA 90245. This proxy statement and the accompanying proxy card are first being mailed to stockholders on or about May 6, 2015.

**Voting and Proxies**

Only holders of record of our common stock at the close of business on April 17, 2015 (the Record Date) are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, 16,363,292 shares of our common stock were issued and outstanding. Holders are entitled to one vote at the Annual Meeting for each share of common stock held that was issued and outstanding as of the Record Date. A majority of the outstanding shares of our common stock, present in person or represented by proxy, constitutes a quorum for the transaction of business at the Annual Meeting.

All votes will be tabulated by the inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Abstentions and broker non-votes are counted as present for purposes of determining the presence or absence of a quorum for the transaction of business.

If you properly sign and return the enclosed form of proxy, your shares represented will be voted at the Annual Meeting in accordance with your specified instructions. If you do not specify how your shares are to be voted, your shares will be voted (i) FOR the election of the director proposed by our Board, (ii) FOR the resolution approving, on an advisory basis, our executive compensation, (iii) FOR the approval of the 2014 Amendment to Stamps.com Inc. 2010 Equity Incentive Plan, and (iv) FOR the ratification of our independent auditors for 2015.

If your shares of common stock are held by a bank, broker or other nominee, please follow the instructions you receive from your bank, broker or other nominee to have your shares of common stock voted. If your shares are held by a broker, then the broker will ask you how you want your shares to be voted. If you give the broker instructions, then your shares will be voted as you direct. If you do not give instructions, then for the ratification of the independent auditors, the broker may vote your shares in its discretion, but for the election of the directors, the approval of our executive compensation, and the 2014 Amendment to the Stamps.com 2010 Equity Incentive Plan, the broker may not be entitled to vote your shares at all.

You may revoke or change your proxy at any time before the Annual Meeting by filing with our Secretary at 1990 E. Grand Avenue, El Segundo, CA 90245, a notice of revocation or another signed proxy with a later date. You may also revoke your proxy by attending the Annual Meeting and voting in person.

**Solicitation**

We will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional solicitation materials furnished to our stockholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their



names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, we may reimburse such persons for costs incurred in forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by telephone, e-mail or other means by our directors, officers or employees. No additional compensation will be paid to these individuals for soliciting. We intend to post this proxy statement and our 2014 Annual Report on Form 10-K on our website (<http://investor.stamps.com/sec.cfm>) for public review. Except as described above, we do not presently intend to solicit proxies other than by mail. We have no present plans to hire special employees or paid solicitors to assisting in obtaining proxies, but reserve the option to do so.

### **Annual Meeting Attendance**

Attendance and voting at the Annual Meeting is limited to stockholders at the close of business on the Record Date and our invitees. No cameras, recording equipment or other electronic devices will be permitted in the Annual Meeting. In order to be admitted to the Annual Meeting, if you are (i) a stockholder of record, you must bring a valid, government issued photo identification and (ii) if you are a beneficial stockholder you must bring an account statement or letter from your broker or bank showing that you owned stock as of the Record Date and a valid, government issued photo identification. We will not be required to admit any attendees that do not show the documentation specified in the preceding sentence.

### **Deadline for Receipt of Stockholder Proposals**

Under Securities and Exchange Commission ( SEC ) Rule 14a-8, proposals of stockholders that are intended to be presented by such stockholders at our 2016 annual meeting of stockholders and included in the proxy statement and form of proxy relating to that meeting must be received no later than January 2, 2016. Stockholders wishing to submit proposals for the 2016 annual meeting of stockholders outside of Rule 14a-8 may do so if the proposal was timely received by us under our bylaws, as calculated below. In addition, subject to SEC Rule 14a-4(c), the proxy solicited by our Board for the 2016 annual meeting of stockholders will confer discretionary authority to vote on any stockholder proposal presented at that meeting if notice of the proposal was not timely received by us under our bylaws, as calculated below. Our bylaws provide that to be timely, notice of a proposal must be delivered to or mailed and received at our principal executive offices not less than 120 days before the date of the annual meeting.

**PROPOSAL ONE: ELECTION OF DIRECTORS****General**

Our certificate of incorporation provides for a classified board of directors consisting of three classes of directors with staggered three-year terms, with each class consisting, as nearly as possible, of one-third of the total number of directors. Our Board currently consists of four members.

Our four member Board is currently divided into two Class I directors, one Class II director and one Class III director.

Class I, the class whose term of office expires at the Annual Meeting, currently consists of two directors. The directors elected to this class will serve for a term of three years, beginning on the date of the Annual Meeting and expiring at the 2018 annual meeting of stockholders or until their successors have been duly elected and qualified. The nominees listed below are currently directors.

The nominees for election have agreed to serve if elected, and management has no reason to believe that the nominee will be unavailable to serve. If a nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any substitute nominee who may be designated by our Board to fill the vacancy.

Directors are elected by a plurality of the votes cast on the election of directors, which means that the nominees with the highest number of votes cast in their favor are elected as directors up to the maximum number of directors to be elected. Accordingly, an abstention or broker non-vote will have no effect on the outcome of this election. You may not cumulate votes in the election of directors.

Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the nominees named below.

**Directors**

The following table sets forth certain information regarding our current directors as of April 15, 2015:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mohan P. Ananda(1)(2)(3)	70	Director
G. Bradford Jones(1)(2)	60	Director
Kenneth McBride	47	Chairman of the Board and Chief Executive Officer
Lloyd I. Miller(1)(2)(3)	60	Director

(1) Member of the Audit Committee

(2) Member of the Nominating Committee

(3) Member of the Compensation Committee

Each of our directors, including our current nominees, was nominated based on the assessment of our Nominating Committee and our Board that he has demonstrated: relevant business experience, excellent decision-making ability, good judgment, and personal integrity and reputation. Our Board consists of, and seeks to continue to include, persons whose diversity of skills, experience and background are complementary to those of our other directors.

**Nominees For Term Ending at the 2018 Annual Meeting of Stockholders**

**G. Bradford Jones**, has been one of our directors since 1998. Mr. Jones is currently a General Partner at Brentwood Venture Capital, which he joined in 1981, and an Advisory Partner of Redpoint Ventures, a firm he co-founded in 1999. Mr. Jones currently serves on the board of directors of several privately-held companies. Mr. Jones received his

B.A. in Chemistry from Harvard University, his M.A. in Physics from Harvard University and his J.D./M.B.A. from Stanford University. Mr. Jones' extensive experience with and knowledge of the technology industry, business management, investment management, finance and accounting, and his experience serving on the boards of directors of other companies are invaluable to our Board's discussions regarding business strategy, accounting issues, technology issues, financial issues, and share repurchase strategies.

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**Lloyd I. Miller**, has been one of our directors since 2002. Mr. Miller is an independent investor and has served on numerous corporate boards of publicly traded companies. Mr. Miller currently serves as a director of American Banknote Corporation, a global supplier of secure documents, services and systems. Mr. Miller was also an observer to the board of directors of Crossroads Inc. and served as a non-board nominating committee chairman of Lexington Coal Company. Mr. Miller has also served as a director of the following companies during the past five years: DDI Corp., Gencor Industries, Pharmos Corporation, Ore Pharmaceuticals and Synergy Brands Inc. He was a member of the Chicago Stock Exchange, Chicago Board of Trade, and traded actively on the floor of the Chicago Board of Trade from 1978 to 1992. Mr. Miller received his B.A. from Brown University. Mr. Miller's extensive experience with and knowledge of business management, investment management, accounting, finance, and capital markets, and his experience serving on the boards of directors of other companies are invaluable to our Board's discussions regarding business strategy, accounting issues, financial issues, cash management, and share repurchase strategies.

#### **Continuing Director Whose Term Expires at the 2016 Annual Meeting of Stockholders**

**Mohan P. Ananda**, has been one of our directors since 1998. Mr. Ananda is a founder, and currently serves as the chief executive officer and chairman of the board, of Ananda Enterprises, Inc., an investment and management consulting company, and has served there for more than five years. From 1997 to 1998, Mr. Ananda served as our chief executive officer. From 1986 to 1996, Mr. Ananda was a partner of Ananda & Krause, a law firm. Mr. Ananda also serves on the board of directors of several privately-held companies and previously served on the boards of directors of JAB Holdings Ltd and Envestnet. Mr. Ananda received his B.S. in Mechanical Engineering from Coimbatore Institute of Technology in India, his M.S. in Aeronautics from the California Institute of Technology, his Ph.D. in Astrodynamics and Control from University of California, Los Angeles, and his J.D. from the University of West Los Angeles. Mr. Ananda was instrumental in the founding of our company and has extensive experience with the technology and industry of our PC Postage business, and that experience has proven invaluable for our Board.

#### **Continuing Director Whose Term Expires at the 2017 Annual Meeting of Stockholders**

**Kenneth McBride** has served as the Chief Executive Officer and a board member of Stamps.com Inc. since August 2001. Stamps.com is a Nasdaq-traded provider of Internet-based mailing and shipping software for small businesses, eCommerce users, and large enterprises. Beginning in 1999, Mr. McBride has held various positions at Stamps.com, as President from 2001 until January 2012, as Chief Financial Officer from August 2000 to January 2004, and as Senior Director and Vice President of Finance from 1999 to 2000. Mr. McBride has also been Chairman of the board of directors of Stamps.com since January 2012. From August 2012 through January 2014, Mr. McBride served on the board of directors of LegalZoom.com, Inc., the leading provider of Internet-based legal services for small businesses and consumers, where he also served as the chairman of the audit committee, and as a member of the compensation committee. Mr. McBride holds a bachelor's degree, with honors, and a master's degree, in Electrical Engineering from Stanford University. Mr. McBride also holds an MBA from the Graduate School of Business at Stanford University.

#### **Recommendation of our Board**

**Our Board recommends that the stockholders vote FOR the election of the nominees listed above.**

## BOARD COMMITTEES AND MEETINGS AND CORPORATE GOVERNANCE

### Board Committees and Meetings

Our Board held five meetings during 2014 and acted by unanimous written consent on four occasions. Each director attended or participated in 75% or more of the aggregate of (i) the total number of meetings of our Board and (ii) the total number of meetings held by all committees of our Board on which such director served during 2014. Our Board members are not required to attend our annual meetings of stockholders, and no director, other than our CEO, attended our annual meeting in 2014. Our Board has a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, a Compensation Committee and a Nominating Committee.

*Audit Committee.* The Audit Committee currently consists of three directors, Messrs. Ananda, Jones and Miller, and is primarily responsible for hiring our independent auditors, approving the services performed by our independent auditors and reviewing their reports regarding our accounting practices and systems of internal accounting controls. Mr. Jones serves as the chairman of the Audit Committee. The Audit Committee acts pursuant to a written charter adopted by our Board, which is available on our website at <http://investor.stamps.com/documentdisplay.cfm?DocumentID=1898>. All members of the Audit Committee are non-employee directors and are independent pursuant to the rules of The NASDAQ Stock Market and SEC rules. In addition, our Board has determined that each of Messrs. Jones and Miller is an audit committee financial expert as defined by applicable SEC rules. Our Audit Committee held four meetings during 2014.

*Compensation Committee.* The Compensation Committee currently consists of two directors, Messrs. Ananda and Miller. The Compensation Committee is primarily responsible for reviewing and approving our general compensation policies and setting compensation levels for our executive officers. Our Compensation Committee also has the authority to administer our employee stock purchase plan and our stock incentive plan and to grant awards under our stock incentive plan. All members of the Compensation Committee are non-employee directors and are independent pursuant to the rules of The NASDAQ Stock Market. The Compensation Committee acts pursuant to a written charter adopted by our Board, which is available on our website at <http://investor.stamps.com/documentdisplay.cfm?DocumentID=1896>. The Compensation Committee will only delegate its authority to the extent consistent with our certificate of incorporation and bylaws and applicable laws, regulations and listing standards. No compensation consultant was engaged to provide advice or recommendations on our executive or director compensation for 2014. The Compensation Committee held three meetings and acted by unanimous written consent on fourteen occasions during 2014.

*Nominating Committee.* The current members of our Nominating Committee are Messrs. Ananda, Jones and Miller. All members of the Nominating Committee are non-employee directors and are independent directors under the rules of The NASDAQ Stock Market. The Nominating Committee acts pursuant to a written charter adopted by our Board, which is available on our website at <http://investor.stamps.com/documentdisplay.cfm?DocumentID=1894>. The Nominating Committee held one meeting during 2014.

The responsibilities of the Nominating Committee include (i) screening and recommending to our Board qualified candidates for election or appointment to our Board; (ii) recommending the number of members that shall serve on our Board; (iii) evaluating and reviewing the independence of existing and prospective directors; and (iv) reviewing and reporting on additional corporate governance matters as directed by our Board.

Our Nominating Committee manages the process for evaluating current Board members at the time they are considered for re-nomination. After considering the appropriate skills and characteristics required on our Board, the current makeup of our Board, the results of the evaluations, and the wishes of our Board members to be re-nominated, our Nominating Committee recommends to our Board whether those individuals should be re-nominated. Our Nominating Committee also periodically reviews with our Board whether it believes our Board would benefit from adding a new member(s), and if so, the appropriate skills and characteristics required for the new member(s). If our

Board determines that a new member would be beneficial, our Nominating Committee solicits and receives recommendations for candidates and manages the process for evaluating candidates. All potential candidates, regardless of their source (including candidates recommended by stockholders), are reviewed under the same process. Our Nominating Committee screens the available information about the potential candidates. Based on the results of the initial screening, interviews with viable candidates are scheduled with Nominating Committee members, other members of our Board and senior

members of management. Upon completion of these interviews and other due diligence, our Nominating Committee may recommend to our Board the election or nomination of a candidate.

We expect that candidates for independent directors will typically be found through recommendations from current directors. Our stockholders may also recommend director candidates by sending the candidate's name, age, resume, amount of our stock beneficially owned and other information required in solicitations of proxies for the election of directors, to the Nominating Committee under the provisions set forth below for communication with our Board. To be timely, a recommendation must be delivered to or mailed and received not less than one-hundred twenty (120) days prior to our annual meeting at which directors are to be elected. No such suggestions from our stockholders were received in time for the Annual Meeting.

The Nominating Committee has no predefined minimum criteria for selecting director nominees, although it believes that all directors should share qualities such as business experience, excellent decision-making ability, good judgment, personal integrity and excellent reputation. In any given search, the Nominating Committee may also define particular characteristics for candidates to balance the overall skills and characteristics of our Boards and our perceived needs. However, during any search, the Nominating Committee reserves the right to modify its stated search criteria for exceptional candidates. Although the Nominating Committee does not have a formal policy with respect to diversity, the Nominating Committee endeavors to seek nominees representing diverse experience in policy-making positions in business and technology, and in areas that are relevant to our activities.

#### **Compensation Committee Interlocks and Insider Participation.**

The Compensation Committee currently consists of two directors, Messrs. Ananda and Miller. Neither of these individuals was one of our officers or employees during 2014 or had any relationship with us requiring disclosure under Item 404 of Regulation S-K. None of our current executive officers has ever served as a member of the board of directors or the compensation committee of any other entity that has or has had one or more executive officers serving as a member of our Board or Compensation Committee.

#### **Contacting the Board**

Any stockholder who desires to contact our Board may do so by writing to the following address: Board of Directors, c/o Legal Department, Stamps.com Inc., 1990 E. Grand Avenue, El Segundo, CA 90245. Communications received are distributed to an independent Board member, as well as other members as appropriate, of our Board depending on the facts and circumstances outlined in the communication received.

#### **Director Independence**

Our Board has determined that, except for Mr. McBride, each of our directors qualifies as an independent director under the rules of The NASDAQ Stock Market. Mr. McBride is not independent because he serves as our Chief Executive Officer.

#### **Board Leadership Structure and Role in Risk Oversight**

Our Board combined the role of Chairman and Chief Executive Officer effective January 13, 2012. Our Board believes that the Chief Executive Officer is best situated to serve as Chairman because he is the director most familiar with our business and industry and is therefore best able to identify the strategic priorities to be discussed by the Board. Our Board believes that combining the role of Chairman and Chief Executive Officer facilitates information flow between management and the Board and fosters strategic development and execution. Our Board has not appointed a lead independent director as all members of our Board take an active role in evaluating our risks and strategic direction. Each committee of our Board is responsible for evaluating certain risks and overseeing the management of such risks. The Compensation Committee is responsible for overseeing the management of risks

relating to our executive compensation plans and arrangements. The Audit Committee oversees the process by which our senior management and the relevant departments assess and manage our exposure to, and management of, financial risks as well as potential conflicts of interest. The Nominating Committee manages risks associated with the independence of our Board. Our entire Board is regularly informed about these risks and oversees the management of these risks and regularly reviews information regarding our operations and finances as well as our strategic direction. Our Board's role in risk oversight has not affected our Board's determination that its leadership structure is most appropriate for our company.



## Code of Ethics

We have adopted a written code of business and ethical conduct (our Code of Ethics ) that applies to our principal executive officer, principal financial officer and principal accounting officer. Our Code of Ethics, which also applies to our directors and all of our officers and employees, can be found on our web site, at <http://investor.stamps.com/documentdisplay.cfm?DocumentID=1897>. We intend to make all required disclosures concerning any amendments to, or waivers from, our Code of Ethics on our web site at <http://investor.stamps.com/documentdisplay.cfm?DocumentID=1897>. Upon request to our secretary, we will provide a copy of our Code of Ethics to any person without charge.

## DIRECTOR COMPENSATION

### Summary of Compensation

Our Board independently reviewed compensation levels of other company boards in April 2014 and established Board service compensation level at approximately the average level of 38 comparable publicly traded technology companies with revenue between \$100 and \$300 million and market cap over \$400 million (as set forth on Annex A). Our Board expects to review its compensation as needed or as proposed by any director, but in any event at least every four years. Although our executive officers may provide background data in connection with this process, they are generally not involved in the decision on Board compensation except to the extent that Mr. McBride, our Chief Executive Officer, is involved as a member of our Board.

The following summarizes our non-employee director compensation. Directors who are also our employees do not receive any additional compensation for Board service.

*Cash Compensation.* Prior to April 23, 2014, each of our non-employee directors received an annual retainer of \$25,000, \$1,400 for each Board meeting attended and \$700 for each Audit Committee or Compensation Committee meeting attended. Additional annual retainers were paid for service on our Audit Committee or Compensation Committee as follows: the chairman of the Audit Committee received an additional \$15,000; other members of the Audit Committee received an additional \$5,000; the chairman of the Compensation Committee received an additional \$8,000; and other members of the Compensation Committee received an additional \$4,000. Directors were also reimbursed for all reasonable expenses incurred by them in attending Board and committee meetings.

On April 23, 2014, the Board approved new cash compensation levels that became effective beginning May 1, 2014. Each of our non-employee directors receives an annual retainer of \$30,000, \$1,400 for each Board meeting attended and \$700 for each Board committee meeting attended. Additional annual retainers are paid for service on our Audit Committee or Compensation Committee as follows: the chairman of the Audit Committee receives an additional \$15,000; other members of the Audit Committee receive an additional \$5,000; the chairman of the Compensation Committee receives an additional \$10,000; and other members of the Compensation Committee receive an additional \$4,000. Directors continue to be reimbursed for all reasonable expenses incurred by them in attending Board and committee meetings.

*Option Grants.* Each individual who joins our Board as a non-employee director and has not previously been one of our employees automatically receives, at the time of his or her initial election or appointment, an option to purchase 5,000 shares of our common stock. In addition, on the date of each annual meeting of stockholders, each individual who is to continue to serve as a non-employee Board member, whether or not that individual is standing for re-election at that particular annual meeting, automatically receives an option to purchase 5,000 shares of our common stock. Each grant has an exercise price per share equal to the fair market value per share of our common stock on the grant date and will have a maximum term of ten years. All non-employee directors received automatic option grants on June 11, 2014 for 5,000 shares each of our common stock at an exercise price per share of \$34.03, the fair market value per share of our common stock on the grant date.



**Director Compensation Table**

The following table contains information with respect to the compensation of our non-employee directors for 2014:

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Option Awards \$(1)(2)</b>	<b>Total (\$)</b>
Mohan Ananda	51,600	62,050	113,650
G. Bradford Jones	54,800	62,050	116,850
Lloyd I. Miller	57,600	62,050	119,650

(1) The amounts in this column represent the aggregate grant date fair value of option awards granted in 2014, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation ( ASC 718 ). See Note 2 of our Notes to Consolidated Financial Statements in our annual report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2015 for a discussion of assumptions we made in determining the amounts included in this column. For each director, the aggregate grant date fair value in this column is equal to the individual grant date fair value of the options to purchase 5,000 shares of common stock granted on June 11, 2014, as directors received only one grant of options during 2014.

(2) As of December 31, 2014, Mohan Ananda held options to purchase 40,000 shares of our common stock, G. Bradford Jones held options to purchase 50,000 shares of our common stock and Lloyd I. Miller held options to purchase 40,000 shares of our common stock.

## **PROPOSAL TWO: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

As required pursuant to Section 14A of the Securities Exchange Act of 1934, we are giving our stockholders the opportunity to vote, on an advisory basis, to approve our executive compensation. This proposal, commonly known as a say-on-pay proposal, gives our stockholders the opportunity to express their views on our named executive officers' compensation. In 2014, our advisory vote on executive compensation was approved by approximately 90% percent of the votes cast. These results represented majority support for our named executive officer compensation. However, we continually strive to understand and respond to our stockholders' opinions and concerns regarding our executive compensation structure and have designed our compensation structure with those in mind.

As described in detail under the heading **Executive Compensation—Compensation Discussion and Analysis**, our executive compensation structure is designed to attract and retain executives who have the skills and experience necessary to achieve our corporate goals, to align management's interests with those of long-term stockholders, and to attract and retain executive management talent by providing overall compensation that is comparable to what is available through other employment opportunities for those individuals. We believe our total compensation is designed to reflect the value created for stockholders while supporting our strategic goals. Please read the **Executive Compensation** section, including **Compensation Discussion and Analysis**, for additional details about our executive compensation programs, including information about the fiscal 2014 compensation of our named executive officers.

We will ask our stockholders to vote **FOR** the following resolution at the Annual Meeting:

**RESOLVED**, that the stockholders of Stamps.com Inc. hereby approve, on an advisory basis, the compensation of the named executive officers, as disclosed in Stamps.com Inc.'s Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosures.

This vote is advisory, and therefore not binding on us, our Board or our Compensation Committee. However, our Board and Compensation Committee value the opinions that our stockholders express in their votes and will consider the outcome of this vote when considering future executive compensation arrangements as they deem appropriate. Abstentions and broker non-votes will result in the above resolution receiving fewer votes.

Unless otherwise instructed, the proxies will vote **for** the above resolution.

### **Recommendation of our Board**

**Our Board recommends that you vote **FOR** approval of the Advisory Vote on Executive Compensation.**

## **PROPOSAL THREE: 2014 AMENDMENT TO STAMPS.COM INC. 2010 EQUITY INCENTIVE PLAN**

### **General**

We are asking stockholders to approve an amendment (the 2014 Amendment ) to the Stamps.com Inc. 2010 Equity Incentive Plan (the 2010 Plan ), which 2014 Amendment was adopted by our Board on September 9, 2014, subject to such stockholder approval. The 2014 Amendment increases the maximum aggregate number of shares of common stock and stock equivalents available for the grant of awards under the 2010 Plan by an additional two million one hundred thousand (2,100,000) shares. Except for this increase in the number of shares available for awards, the 2010 Plan otherwise remains unchanged by the 2014 Amendment.

On September 19, 2014, pursuant to the 2014 Amendment, our compensation committee approved stock option grants for our named executive officers and other employees of Stamps.com. These option awards granted under the 2014 Amendment vest monthly in equal parts over a 24-month period commencing October 19, 2015. On April 9, 2015, pursuant to the 2014 Amendment, our compensation committee approved additional stock option grants for our named executive officers and other employees of Stamps.com. These additional option awards granted under the 2014 Amendment vest monthly in equal parts over a 36-month period commencing upon the closing of our acquisition of Endicia, provided that such transaction closes on or before September 22, 2016. Options granted pursuant to the 2014 Amendment are subject to the condition that such stock options may not be exercised, and no shares may be issued under such stock options, prior to the date, if any, on which our stockholders approve the 2014 Amendment.

The 2014 Amendment was adopted by our Board and the subsequent grant of option awards was approved by our compensation committee, respectively, (i) in order to be able to make significant three year refresh grants to our senior management because all options previously granted to our senior management group, including our named executive officers, which have been granted in three-year cycles, had fully vested in the second quarter of 2014, and the Board deemed it appropriate to approve new option grants in the third quarter of 2014 to incentivize executive performance and Company growth and in April 2015 to recognize our management's extraordinary efforts that enabled us to enter into the Endicia acquisition agreement and the additional efforts necessary to conclude the transaction; (ii) to recognize and provide equity incentives to continue the Company's strong growth and performance, as evidenced by a substantial increase in our market capitalization, revenue, adjusted EBITDA, and the acquisitions of ShipStation and ShipWorks, which were completed in June and August 2014, respectively; and (iii) to continue to have awards available for grant to our employees, directors, and third party service providers consistent with the factors described in the Compensation Discussion and Analysis provided with this Proxy Statement, prior to the 2014 Amendment only 1,293,034 shares remained available for awards under the 2010 Plan as of August 31, 2014. Those factors include: the individual's position and scope of responsibility; the vesting period (and thus, retention value) remaining on the executive's existing options; the executive's ability to affect profitability and stockholder value; the individual's historic and recent job performance; equity compensation for similar positions at comparable companies; and the value of stock options in relation to other elements of total compensation.

We believe that a cost-effective and competitive equity compensation program, that includes awards that are still vesting, is essential for recruiting, motivating, and retaining talented employees, including our executive managers and named executive officers. For this reason, combined with the other factors listed above, our Board approved the 2014 Amendment on September 9, 2014, and our compensation committee approved stock option grants for our named executive officers and other employees pursuant to the 2014 Amendment on September 19, 2014 and on April 9, 2015.

As required by the applicable NASDAQ rules, the 2014 Amendment will not become effective unless it is approved by our stockholders.

### **Key Considerations**

In its determination to approve the 2014 Amendment, our Board reviewed an analysis prepared by our management that included the following:

- The Company's performance;
- benchmarking of the Company's performance against 29 comparable technology companies; and
- benchmarking the increase against option grants made by each of the 29 companies

The following paragraphs include additional information to help assess the potential dilutive impact of awards under the 2010 Plan.

As of December 31, 2014, we had outstanding 15,996,948 shares of common stock. The 2,100,000 shares requested to be provided under the 2014 Amendment in this Proposal 3 represent 13.13% of our issued and outstanding shares.

As of December 31, 2014, excluding grants made under the 2014 Amendment, a total of 1,986,116 shares of our common stock were subject to outstanding awards, all of which were outstanding stock options.<sup>1</sup>

The following table sets forth additional relevant information about all of our outstanding awards and available shares under all of our equity plans with outstanding or available awards:

	<b>As of 4/10/15</b>
Total Stock Options Outstanding	3,191,114 <sup>2</sup>
Total Restricted Stock Unit Awards Outstanding	0
Total Restricted Stock Awards Outstanding	0
Weighted-Average Exercise Price of Stock Options Outstanding	\$33.04
Weighted-Average Remaining Duration of Stock Options Outstanding	8.8 years
Total Shares Available for Grant under the 2010 Plan	14,597 <sup>3</sup>

The 2010 Plan, the 2014 Amendment of which is on the ballot for this annual meeting, is the only active plan that can be used for future equity grants.

The weighted-average number of shares of our common stock issued and outstanding in each of the last three fiscal years is 16,079,000 shares issued and outstanding in 2012; 15,691,000 shares issued and outstanding in 2013; and 16,011,000 shares issued and outstanding in 2014. The total number of shares of our common stock subject to awards granted under the 2010 Plan over the last three fiscal years are as follows:

- 192,000 shares in 2012 (which was 1.19% of the weighted-average number of shares of our common stock issued and outstanding in 2012);
- 164,000 shares in 2013 (which was 1.05% of the weighted-average number of shares of our common stock issued and outstanding in 2013); and
- 2,251,000 shares in 2014 (which was 14.06% of the weighted-average number of shares of our common stock issued and outstanding in 2014). The jump in our burn rate in 2014 was due to a large grant of share awards to our executives and other non-executive key employees, which typically occurs once every 3 years. The average annual burn rate over the three-year period from 2012 through 2014 was 5.43%.

In light of the factors described above, our Board believes the number of additional authorized shares being requested under the 2014 Amendment represents reasonable potential equity dilution and provides a significant incentive for our employees, directors, and third party service providers to increase the value of the Company for all stockholders.

The inclusion of this information in this Proxy Statement should not be regarded as an indication that the assumptions used to determine the number of shares will be predictive of actual future equity grants. These

<sup>1</sup> Stock options granted September 19, 2014, pursuant to the 2014 Amendment are not included in the total number of shares of common stock subject to outstanding stock options as of December 31, 2014; including such shares, the number of shares subject to outstanding awards would be 2,968,783 all of which are outstanding stock options.

<sup>2</sup> Stock options granted pursuant to the 2014 Amendment are included in the total number of shares of common stock subject to outstanding stock options as of April 10, 2015; excluding such shares, the number of shares subject to

outstanding awards would be 2,033,447.

<sup>3</sup> The 2010 Plan, the 2014 Amendment of which is on the ballot for this annual meeting, is the only active plan that can be used for future equity grants. Shares available for grant pursuant to the 2014 Amendment are not included in the total number of shares available for grant as of April 10, 2015; including such shares, the number of shares available would be 956,930.

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assumptions are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements involve risks and uncertainties that could cause actual outcomes to differ materially from those in the forward-looking statements, including our ability to attract and retain talent, achievement of performance metrics with respect to certain equity-based awards, the extent of option exercise activity, and others described in our Form 10-K for the year ended December 31, 2014.

### Highlights of the 2014 Amendment

The 2014 Amendment increases the maximum aggregate number of shares of stock and stock equivalents authorized for issuance under the 2010 Plan by 2,100,000 shares, subject to stockholder approval of the 2014 Amendment to the 2010 Plan.

As of September 19, 2014, and excluding the 2014 Amendment share increase and options granted to our named executive officers and other employees under the 2014 Amendment that are subject to stockholder approval of this Proposal 3, described below, approximately 375,416 shares of common stock remained available for grants of awards under the 2010 Plan, calculated as follows:

Shares authorized for issuance under the 2010 Plan	3,500,000
Shares granted under the 2010 Plan, as of September 19, 2014	3,124,584

As of April 10, 2015, and excluding the 2014 Amendment share increase and certain options granted to our named executive officers and other employees that are subject to stockholder approval of this Proposal 3, described below, approximately 14,597 shares of stock remain available for future grants of awards under the 2010 Plan, calculated as follows:

Shares authorized for issuance under the 2010 Plan, as of April 10, 2015	3,500,000
Shares granted under the 2010 Plan, as of April 10, 2015	3,485,403

The specific number of stock option awards, made in 2014 by our compensation committee to each our named executive officers and other executives, which are subject to stockholder approval of this Proposal 3, are identified below:

Name	Position	Stock Option Awards Issued Under the 2014 Amendment	
		September 19, 2014	April 9, 2015
Kenneth McBride	Chairman and Chief Executive Officer	166,667	50,000
Kyle Huebner	Chief Financial Officer and Co-President	100,000	25,000
James Bortnak	Co-President and Corporate & Business Development Officer	100,000	20,000
John Clem	Chief Product & Strategy Officer	80,000	20,000
Seth Weisberg	Chief Legal Officer and Secretary	80,000	20,000
Sebastian Buerba	Chief Marketing Officer	96,667	20,000
Other Executives		113,333	20,000
Total		736,667	175,000

No portion of the foregoing option grants under the 2014 Amendment, all of which are subject to stockholder approval of this Proposal 3, is exercisable until such stockholder approval has been obtained. If stockholder approval of the

2014 Amendment is not obtained by September 9, 2015, the 2014 Amendment and the options granted thereunder will be cancelled.

If stockholders approve the 2014 Amendment, 956,930<sup>4</sup> shares of stock will be available for new grants under the 2010 Plan, as amended.

<sup>4</sup> Of the 2,100,000 shares, 982,667 were granted on September 19, 2015 and 175,000 were granted on April 9, 2015, resulting in 942,333 available shares under the 2014 Amendment, and an additional 14,597 shares remain available for grants under the 2010 Plan apart from the 2014 Amendment.

## Summary of the 2010 Equity Incentive Plan

The 2010 Plan contains the following important features:

- Repricing of stock options and stock appreciation rights is prohibited unless stockholder approval is obtained.
- Stock options and stock appreciation rights must be granted with an exercise price that is not less than 100% of the fair market value on the date of grant.
- Automatic replacement of stock options or stock appreciation rights when a stock option or stock appreciation right is exercised with previously acquired shares of our common stock (so-called "reloading") is not permitted.
- The 2010 Plan has a ten-year term that ends June 16, 2020.
- If an award expires unexercised, or is forfeited, canceled, reacquired by us at cost, satisfied without issuance of stock or payment of cash or is otherwise terminated without being exercised, the unvested or cancelled shares will be returned to the available pool of shares for future awards.
- No more than 700,000 shares and share equivalents may be granted to any one participant in a calendar year.
- Full value awards (such as restricted stock and restricted stock units) are counted against the 2010 Plan overall limits as two shares (rather than one), while options and stock appreciation rights are counted as one share.

**Administration.** The 2010 Plan is administered by our compensation committee. Subject to the provisions of the 2010 Plan, the committee has full power and authority to select the participants to whom awards will be granted, to determine (and modify) the specific terms and conditions of each award, including the conditions for the vesting, performance goals and exercisability of the award, and to interpret the 2010 Plan and adopt, amend, or rescind rules, procedures, agreements, and forms relating to the 2010 Plan.

**Eligibility.** Employees, directors, and third party service providers are eligible to receive awards, although third party service providers and outside directors are eligible for incentive stock options. The committee has the discretion to select the employees, directors, and third party service providers to whom awards will be granted. As of April 10, 2015, we had approximately 342 employees, 3 non-employee directors and 1 consultant who were eligible to participate in the 2010 Plan. The actual number of individuals or entities who will receive awards cannot be determined in advance because the committee has the discretion to select the award recipients.

**Types of Awards.** The following is a brief summary of the types of awards that may be granted:

**Stock Options.** A stock option (either an incentive stock option or a nonstatutory stock option) entitles the participant to purchase shares of our common stock at specified times at an exercise price set on the grant date. A participant has no rights as a stockholder with respect to any shares covered by the option until the option is exercised by the participant and shares are issued by us. At the time of grant, the committee will determine such matters as: (a) whether the award will be an incentive stock option or a nonstatutory stock option; (b) the number of underlying shares; (c) the exercise price, which may not be less than 100% of the fair market value of a share on the grant date; (d) the vesting schedule; and (e) the term of the option, which may not exceed 10 years from the grant date.

**Stock Appreciation Right (SAR).** An SAR is an award entitling the participant to receive cash or shares, or a combination thereof, with a value equal to any increase in the value of our shares. The amount of the award to be paid on an exercise date is determined by multiplying the number of shares for which the SAR is exercised by the excess of the fair market value of a share on the date of exercise over the per share exercise price. For cash-settled SARs, the participant will have no rights as a stockholder. For stock-settled SARs, the participant will have no rights as a

stockholder with respect to any shares covered by the SAR until the award is exercised by the participant and we issue the shares. At the time of grant, the committee will determine such matters as: (a) the number of shares subject to the award; (b) whether the award will be settled in cash, shares, or a combination of both; (c) the exercise price, which may not be less than 100% of the fair market value of a share on the grant date; (d) the vesting schedule; and (e) the term of the SAR. A SAR may be granted independently or in combination with a related stock option. The term of an SAR may not exceed 10 years from the grant date.

***Restricted Stock and Restricted Stock Units.*** A restricted stock award is an award entitling the participant to receive shares of our stock, which may be subject to restrictions on sale or transfer and/or recoverable by us if specified conditions are not met. A restricted stock unit is an award entitling the participant to receive shares or the cash equivalent of shares at a future date, subject to restrictions. In either case, the lapse of these restrictions may be based on continuing employment (or other business relationship) with us and our subsidiaries and/or achievement of performance goals. At the time of grant, the committee will determine such matters as: (a) the number of shares subject to the award; (b) the purchase price or consideration (if any) for the shares; (c) the restrictions placed on the shares; (d) the date(s) when the restrictions placed on the shares will lapse or the performance period during which the achievement of the performance goals will be measured; and (e) in the case of restricted stock units, whether the award will be paid in shares or the cash equivalent of the value of shares. During the period that the restrictions are in place, a participant granted restricted stock will have the rights of a stockholder, including voting and dividend rights, but not the right to sell or transfer the shares, and subject to the obligation to return the share under specified circumstances. A participant granted restricted stock units does not have stockholder rights until shares are issued, if at all.

***Qualified Performance-Based Awards.*** Any of the awards under the 2010 Plan may be granted as qualified performance-based awards under Section 162(m) of the Code. As determined by the committee, the performance goals applicable to an award may be based upon one or more of the following performance criteria: revenue; gross profit or margin; operating profit or margin; earnings before or after interest, taxes, depreciation, and/or amortization; net earnings or net income (before or after taxes); earnings per share; share price (including, but not limited to, growth measures and total stockholder return); cost reduction or savings; return measures (including, but not limited to, return on assets, capital, invested capital, equity, sales or revenue); cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment); productivity ratios or other metrics; performance against budget; market share; working capital targets; economic value added (net operating profit after tax minus the sum of capital multiplied by the cost of capital); financial ratio metrics; and organizational/transformation metrics. These measures may be measured against our performance or other benchmarks. The committee may provide in any such award that any evaluation of performance may include or exclude certain specified events that occurs during a performance period.

***Limited Transferability of Awards.*** Awards generally may not be sold or transferred, other than by will or by the applicable laws of descent and distribution or pursuant to a domestic relations order entered by a court of competent jurisdiction.

***Effect of Change in Control and other Corporate Transactions.*** In the event of (i) a Change in Control with respect to us as defined in the 2010 Plan, including certain changes in ownership or Board composition, specified mergers, or sale of all or substantially all of our assets or (ii) and other merger, consolidation, sale of substantially all of our assets or other reorganization, any outstanding awards that are not assumed by the successor or substituted with an equivalent award (or if we are the surviving company in the transaction, any awards for which the transaction does not result in a continuation of such award) will be fully vested and exercisable, including shares that would not otherwise have been vested and exercisable.

***Liquidation.*** In the event of our proposed liquidation or dissolution, each participant will be notified as soon as practicable before the effective date of the proposed transaction. The committee may provide for a participant to have the right to exercise any outstanding awards until 10 days prior to the transaction (including by accelerating the exercise of awards that would not otherwise be exercisable) and may provide that repurchase options or forfeiture rights on awards can lapse if the proposed transaction takes place as contemplated. To the extent not exercised prior to the transaction, an award will terminate.

***U.S. Federal Income Tax Consequences.*** The following is a summary of the general federal income tax consequences to participants who are U.S. taxpayers and to us relating to awards granted under the 2010 Plan. This summary is not intended to be exhaustive and does not address all matters that may be relevant to a particular

participant based upon his or her specific circumstances.

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*Incentive Stock Options.* No taxable income is recognized when an incentive stock option is granted or exercised (except for purposes of the alternative minimum tax). If the participant exercises an incentive stock option and then later sells or otherwise disposes of the shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the exercise price will be taxed as capital gain or loss. If the participant exercises the incentive stock option and then later sells or otherwise disposes of the shares before the end of the two- or one-year holding periods described above, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option. Any additional gain or loss will be capital gain or loss.

*Nonstatutory Stock Options and Stock Appreciation Rights.* No taxable income is recognized when a nonstatutory stock option or a stock appreciation right is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares on the exercise date over the exercise price. Any additional gain or loss recognized upon later disposition of any shares received on exercise is capital gain or loss.

*Restricted Stock and Restricted Stock Units.* The federal income tax consequences of restricted stock and restricted stock units depend on the facts and circumstances of each award, including, in particular, the nature of any restrictions imposed with respect to the awards. In general, unless the participant makes a valid election under Section 83(b) of the Code to be taxed at the time of grant of restricted stock, if an award is subject to a substantial risk of forfeiture (e.g., conditioned upon the future performance of substantial services by the participant) and is nontransferable, the participant will not have taxable income upon the grant of restricted stock or restricted stock units. Instead, at the time the participant holds stock or other property free of any substantial risk of forfeiture or transferability restrictions, the participant will recognize ordinary income equal to the fair market value (on that date) of the shares or other property less any amount paid. Alternatively, the participant may elect under Section 83(b) of the Code to include as ordinary income in the year of grant of restricted stock, an amount equal to the fair market value (on the grant date) of the restricted stock less any amount paid.

*Tax Withholding.* Ordinary income recognized on exercise of nonstatutory stock options and stock appreciation rights and on vesting of restricted stock and restricted stock units is subject to income tax and employment tax withholding, unless the participant is a non-employee director or consultant. The committee may allow a participant to satisfy his or her tax withholding requirements under federal and state tax laws in connection with the exercise or receipt of an award by electing to have shares withheld, and/or by delivering to us already-owned shares of our common stock.

*Tax Effect for Us.* We generally will be entitled to a tax deduction for an award under the 2010 Plan in an amount equal to the ordinary income realized by a participant at the time the participant recognizes the income (for example, the exercise of a nonstatutory stock option). However, Section 162(m) of the Code limits our ability to deduct the annual compensation to the principal executive officer and the next three most highly compensated officers (other than the principal financial officer) to \$1,000,000 per individual, unless the qualified performance-based compensation requirements of Section 162(m) are met.

This summary does not contain all information about the 2010 Plan. A copy of the complete text of the 2010 Plan as it exists today can be found Annex A to our definitive proxy statement for our 2010 Annual Meeting of Stockholders filed with the SEC on April 28, 2010, and a copy of the 2014 Amendment to the 2010 Plan is included as Annex C to this Proxy Statement. The foregoing description is qualified in its entirety by reference to the full text of the 2010 Plan and the 2014 Amendment, which are incorporated herein by reference.

## **Other Information**

Because all awards made under the 2010 Plan, as amended, will be made at the committee's discretion, the benefits and amounts that will be received or allocated under the 2010 Plan and the 2014 Amendment are not determinable at this time. The closing price of the common stock, as reported on NASDAQ on April 10, 2015, was \$67.08 per share.





**Vote Required**

The affirmative vote of the holders of a majority of the shares of our common stock present at the Annual Meeting in person or by proxy and entitled to vote on this proposal will be required to approve the 2014 Amendment to the Stamps.com 2010 Equity Incentive Plan.

**Recommendation of our Board**

**Our Board recommends that you vote FOR approval of the 2014 Amendment to the Stamps.com 2010 Equity Incentive Plan.**

## **PROPOSAL FOUR: RATIFICATION OF INDEPENDENT AUDITORS**

### **General**

Our Audit Committee has appointed the firm of Ernst & Young LLP, our independent auditors during 2014, to serve in the same capacity for 2015, and is asking stockholders to ratify this appointment. Stockholder ratification of the appointment is not required by our bylaws or by any other applicable legal requirement. However, our Board is submitting the appointment of Ernst & Young LLP to stockholders for ratification as a matter of good corporate practice.

If stockholders fail to ratify the appointment, the Audit Committee and our Board will reconsider whether or not to retain Ernst & Young LLP. Even if the appointment is ratified, our Audit Committee in its discretion may direct the appointment of a different independent auditing firm at any time during the year if our Audit Committee believes that such a change would be in our best interests.

A representative of Ernst & Young LLP is expected to be present at the Annual Meeting, will have the opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

The ratification of the appointment of Ernst & Young LLP as our independent auditors for 2015 requires the affirmative vote of the holders of a majority of the shares of our common stock present at the Annual Meeting in person or by proxy and entitled to vote. Abstentions will be counted towards the tabulations of votes cast and will have the same effect as negative votes, whereas broker non-votes, if any, will not be counted for purposes of determining whether the proposal has been approved.

Unless marked to the contrary, proxies received will be voted FOR ratification of the appointment of Ernst & Young LLP as our independent auditors for 2015.

### **Recommendation of our Board**

**Our Board recommends that the stockholders vote FOR the ratification of the appointment of Ernst & Young LLP to serve as our independent auditors for 2015.**

## **INDEPENDENT AUDITORS' FEES AND SERVICES**

### **Fees Billed by Ernst & Young LLP during 2014 and 2013**

During 2014 and 2013, Ernst & Young LLP provided various audit, audit related and non-audit services to us as follows:

*Audit Fees.* Aggregate fees billed to us by Ernst & Young LLP for professional services rendered for the audit of our annual financial statements, including professional services related to the audits of the effectiveness of internal control over financial reporting, and review of financial statements included in our quarterly reports on Form 10-Q, totaled approximately \$479,020 and \$390,000 during 2014 and 2013, respectively.

#### *Audit-Related Fees*

Audit-related fees related to accounting consultations in connection with acquisitions totaled approximately \$6,504 in 2014. There were no such fees in 2013.

#### *Tax Fees*

Fees billed to us by Ernst & Young LLP for tax services rendered to us during 2014 and 2013 totaled approximately \$5,299 and \$23,966, respectively. Specifically, in 2014, tax services were rendered in connection with day-to-day operations. Tax services provided in 2013 related to the analysis of our net operating loss carryforwards pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, and the related Treasury Regulations.

*All Other Fees*

We had no fees billed to us by Ernst & Young LLP for other non-audit and non-tax professional services during 2013 or 2014.

**Pre-Approval Policy**

The Audit Committee pre-approves all audit and permissible non-audit services provided to us by our independent auditors. Pre-approval is generally provided at a meeting of the Audit Committee and covers a specified period of time. Any pre-approval is detailed as to the particular service or category of services covered and is generally subject to a specific budget. The independent auditors and management periodically report to the Audit Committee regarding the extent of services provided by our independent auditors in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve other particular services on a case-by-case basis. All services provided to us by Ernst & Young LLP during 2014 were pre-approved by the Audit Committee in accordance with this policy.

**Determination of Independence**

Our Audit Committee and our Board have determined that the fees received by Ernst & Young LLP for the non-audit related professional services listed above are compatible with maintaining Ernst & Young LLP's independence, and such fees were approved by the Audit Committee.

**MANAGEMENT**

The following table sets forth certain information regarding our executive officers as of April 15, 2015:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Kenneth McBride	47	Chief Executive Officer and Chairman of the Board of Directors
Kyle Huebner	44	Chief Financial Officer and Co-President
James Bortnak	46	Co-President and Corporate & Business Development Officer
Sebastian Buerba	40	Chief Marketing Officer
John Clem	43	Chief Product & Strategy Officer
Seth Weisberg	46	Chief Legal Officer and Secretary

Mr. McBride's biography is set forth above under the heading "Proposal One: Election of Director – Continuing Director Whose Term Expires at the 2017 Annual Meeting of Stockholders".

**Kyle Huebner** has been our Chief Financial Officer since 2004 and on January 13, 2012 was also elected as our Co-President. Mr. Huebner was our Vice President of Marketing from 2001 to 2004, our Vice President of Corporate Strategy from 2000 to 2001, and our Senior Director of Corporate Strategy from 1999 to 2000. Prior to joining us, from 1997 to 1999, Mr. Huebner was a management consultant at Bain & Company. From 1992 to 1995, Mr. Huebner served as a Research Analyst for J.P. Morgan, Inc. Prior to 1992, Mr. Huebner held various management positions with Melville Corporation. Mr. Huebner received his B.A. in Mathematics from Dartmouth College and his M.B.A. from Harvard University.

**James Bortnak** was elected as Co-President and Corporate & Business Development Officer as of January 13, 2012. From February 2010 to January 13, 2012 he served as our Senior Vice President, Corporate & Business Development. Mr. Bortnak was previously our Chief Marketing Officer from 2004 to 2009. Mr. Bortnak served as our Vice President, Business Development from 2002 to 2004, and as a senior member of our Business Development group since joining us in 1999. Prior to joining us, Mr. Bortnak practiced business law, focusing in the area of technology and start-up companies. Mr. Bortnak holds an LLB from the University of British Columbia, and has been a member of the California Bar since 1997.

**Sebastian Buerba** has been our Chief Marketing Officer since January 2012. Previously, Mr. Buerba served as Vice President, Marketing from April 2009 to January 2012, as Director, Marketing from April 2006 to April 2009, and as Product Strategy Manager from July 2004 to April 2006. Prior to joining Stamps.com, Mr. Buerba worked as Marketing Product Manager for Telecom Argentina Stet-France Telecom S.A. from 1998 to 2002. Mr. Buerba holds a bachelor's degree, with honors, in Electrical Engineering and a master's degree in Telecommunications from Instituto Tecnológico de Buenos Aires. Mr. Buerba also holds an MBA, with honors, from The Anderson School of Management, University of California, Los Angeles.

**John Clem** has been our Chief Product & Strategy Officer since January 2012. Mr. Clem was our Vice President, Product and Service Operations from March 2006 to January 2012. Previously, Mr. Clem served as the Director of Corporate Strategy from March 2003 to February 2004 and as a Director of Marketing from March 2004 to February 2006. Prior to joining us, Mr. Clem worked as an engineer and manager in the petrochemical and utilities industries and a management consultant at Booz Allen & Hamilton. Mr. Clem received his Bachelor's Degree, with honors, in Mechanical Engineering from California State Polytechnic University at Pomona and his M.B.A., with honors, from the Ross School of Business at The University of Michigan.

**Seth Weisberg** has been our Chief Legal Officer since 2008 and our Secretary since 2001. Mr. Weisberg was our General Counsel from 2001 to 2008 and our Senior Director, IP & Licensing from 1999 until 2001. Mr. Weisberg previously was an associate at Irell & Manella LLP, worked as a software developer and founder at Shortcut Software, created physical computer models at RAND Corporation and was a high school teacher in the Mississippi Teacher Corps. Mr. Weisberg holds a law degree from Columbia Law School, a master's degree in History from Harvard University, a bachelor's degree in Physics and Astronomy from Harvard University and a General Course Certificate from the London School of Economics. Mr. Weisberg is a registered patent attorney.

## **EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis provides qualitative information and context for the information presented in the Summary Compensation Table and other tables and narratives that follow. As discussed above in Proposal Two, in 2014, our advisory vote on executive compensation was approved by approximately 90% percent of the votes cast. These results represented majority support for our named executive officer compensation. We took the percent of approval into account when determining that no specific changes/revisions would be made to our compensation structure. However, we continually strive to understand and respond to our stockholders' opinions and concerns regarding our executive compensation structure and will continue to do so in the future. The goals of our executive management compensation program are to attract executives who have the skills and experience necessary to achieve our corporate goals, to align management's interests with those of long-term stockholders, and to attract and retain executive management talent by providing overall compensation that is comparable to what is available through other employment opportunities for those individuals. Our executive management compensation program is designed to reward a focus by our executive team on delivering both short and long term financial results, including annual growth in revenue and adjusted EBITDA through our non-equity incentive plans, and growth in long term shareholder value through our equity incentive plans.

#### **Company Performance Highlights**

We had an extraordinary year in 2014. Total revenue rose 15% to a record \$147.3 million. Core mailing and shipping revenue, which excludes the enhanced promotion channel, was up 16% year-over-year to a record \$139.7 million. The strong performance in our core mailing and shipping business contributed to record earnings with non-GAAP net income of \$40.6 million and non-GAAP net income per fully diluted share of \$2.47. The Company's strong performance was reflected by the performance of our common stock price which increased 15% during 2014.

The Company believes the compensation program for the named executive officers has been instrumental in helping the Company achieve its strong financial performance.

#### **Overall Methodology of Setting Compensation**

The Compensation Committee sets all compensation for and awards to our chief executive and all corporate officers, which typically includes our chief financial officer and co-president, our chief legal officer, our co-president and corporate and business development officer, our chief technology officer, our chief product & strategy officer, and our vice president of postal technology and affairs. The Compensation Committee reviews the performance and compensation of our chief executive officer and, following discussions with our chief executive officer, establishes his compensation level. For the remaining corporate officers, our chief executive officer makes recommendations to the Compensation Committee, and the Compensation Committee may or may not make adjustments to the recommendations of our chief executive officer before setting the final executive officer compensation. For executives who are not also corporate officers, our chief executive officer and chief financial officer set the base salary and bonus compensation based on comparable benchmarks and performance of the executive and performance of the Company, and such compensation is disclosed to the Compensation Committee. However, for equity awards to executives who are not also corporate officers, our chief executive officer makes recommendations to the Compensation Committee and the Compensation Committee sets the specific executive manager equity award based on comparable benchmarks and performance of the executive and performance of the Company. With respect to equity compensation, the Compensation Committee grants stock options to executive management from time to time, generally based upon the recommendation of our chief executive officer. We do not believe our compensation structure and policies are reasonably likely to have a material adverse effect on us and we do seek to maintain a compensation structure that discourages excessive risk taking by our executives. We do this by aligning the interests of our management closely with long-term stockholders. For example, our stock option grants encourage results over a minimum of three years,

helping to ensure current results remain sustainable.

The majority of our compensation decisions are generally made early each year, where the Compensation Committee determines the final incentive compensation for the prior year and establishes the base salaries and incentive compensation model for the coming year for corporate officers.

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On January 28, 2015, the Compensation Committee approved the final incentive compensation for 2014, and established the base salaries for 2015, and subsequently on April 9, 2015 the Compensation Committee approved an incentive compensation plan for 2015, and subsequently on April 21, 2015 the chief executive officer and chief financial officer approved the base salaries and bonuses for executive managers who are not also corporate officers (all decisions collectively, the 2015 Compensation Decisions ). In doing so, the Compensation Committee and the chief executive officer and chief financial officer utilized reports and data from Equilar, Inc. ( Equilar ), a company that provides standardized data based on U.S. proxy data from all publicly traded companies. For each executive manager, a benchmark group (the 2015 Equilar Benchmarks ) was created using individuals that have similar titles and responsibilities at companies (i) with \$100 to \$300 million in revenue; (ii) having market capitalization of \$400 million or more; (iii) located in higher cost-of living states (including CA, CT, DE, FL, GA, IL, MD, MA, MN, NH, NY, PA, TX, VA, WA and the District of Columbia); and (iv) in industries that include all technology companies. These parameters, increased for 2015 from those used in 2014 to reflect the increase in the size of our Company resulting from 2014 acquisitions, provided companies for our benchmarks that are consistent with the size of our Company and the general scope of responsibilities of our executive management. For one corporate officer who is not a named executive officer, the benchmark group utilized comparative data from the 2014 Equilar Benchmarks because there was not sufficient data for a meaningful analysis under the 2015 Equilar Benchmarks. Individuals at other companies who were founders, who were interim, who had resigned, or that had received no cash bonus during the last year (e.g., those that received stock in lieu of cash or whose performance did not warrant a cash bonus) as of the date of their companies' proxy statements were excluded from the analysis. Only proxies filed after January 1, 2014 or later were included, and compensation was time-adjusted using industry average compensation increases or budgeted increases from company surveys available from Culpepper and Associates (for example, the Compensation Committee assumed a 3.0% average annual increase for time adjusting prior year compensation numbers). The criteria for inclusion of a company in our benchmark groups were the same for our 2015 Compensation Decisions as for the compensation decisions that were made in 2014, except that a lower revenue and market cap ranges of \$100 to \$250 million and over \$200 million, respectively, were utilized to set the 2014 Equilar Benchmarks as those criteria resulted in companies of a size and for which the scope of responsibility for the executive management were generally similar to our Company at the time that the 2014 Compensation Decisions were made. Although the criteria were mostly the same, the actual companies involved changed based on the results of those individual companies. A list of companies included in the peer groups for each of our named executive officers (collectively, with all executive management, the 2015 Equilar Benchmarks) in connection with the 2015 Compensation Decisions is included in Annex B.

### **Each Element of Compensation, Why We Pay It, and How We Determine Amounts**

We currently compensate our executive management, which consists of seven members, including our named executive officers, through three main elements: base salary, incentive pay and equity participation. Certain members of our executive management also have post-termination compensation arrangements.

**Base Salary.** We pay a base salary to each member of our executive management (each, an executive manager ) in order to allow the executive manager to cover his living expenses and in order to compete with other employers. We generally establish base salaries for each individual on an annual basis based on (i) the responsibilities of the individual's position, (ii) the individual's salary history, performance and perceived ability to influence our financial performance in the short and long-term, (iii) the compensation of our other employees, and (iv) an evaluation of salaries for similar positions in our benchmark group and other competitive factors. We generally seek to set individual base salaries within a reasonable range versus comparable individuals in our benchmark group, taking into account factors such as individual performance and seniority, and taking into account the performance of the Company relative to comparable companies under the 2015 Equilar Benchmarks.

For 2015, each corporate officer's base salary was set by the Compensation Committee between the 3<sup>rd</sup> and 98<sup>th</sup> percentile versus the 2015 Equilar Benchmarks. In particular, the salaries for our chief executive officer, and our chief financial officer and co-president, for 2015 were set at approximately the 83<sup>rd</sup> percentile and 93<sup>rd</sup> percentile, respectively, versus the 2015 Equilar Benchmarks. In addition, the salaries for our co-president and corporate & business development officer, chief product & strategy officer, and chief legal officer were set at the 98<sup>th</sup>, 64<sup>th</sup>, and

88<sup>th</sup> percentiles, respectively, versus the 2015 Equilar Benchmarks.

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The Compensation Committee believes that the range of base salaries it set is reasonable. In setting the 2015 base salaries of executive management, the Compensation Committee noted that when examining the 59 companies that constitute the complete list of all companies across all titles in the 2015 Equilar Benchmarks for all of our executives, Stamps.com ranks very highly in several key financial ratios, including the 92<sup>nd</sup> percentile for total net income, and the 97<sup>th</sup> percentile for return on revenue, return on assets and return on equity.

The following table sets forth the base salaries established by the Compensation Committee for 2015.

Name and Principal Position	2015 Base Salary	Percent Increase from 2014 Base Salary	2015 Base Salary Percentile Versus 2015 Equilar Benchmark
Kenneth McBride Chief Executive Officer and Chairman of the Board of Directors	\$ 595,833	12 %	83 %
Kyle Huebner Chief Financial Officer and Co-President	\$ 364,583	6 %	93 %
James Bortnak Co-President and Corporate & Business Development Officer	\$ 333,125	5 %	98 %
Sebastian Buerba Chief Marketing Officer	\$ 285,228	10 %	62 %
John Clem Chief Product & Strategy Officer	\$ 287,083	9 %	64 %
Seth Weisberg Chief Legal Officer and Secretary	\$ 320,000	7 %	88 %

For information concerning the base salaries paid to each of our named executive officers for 2014, see Summary Compensation Table.

- Non-Equity Incentive Plan Compensation.** We pay non-equity incentive plan compensation to our corporate officers in order to provide incentives for them to drive the business toward annual goals that are set by the Compensation Committee. Our incentive-based compensation for fiscal 2014 was based on a group bonus pool. The total bonus pool begins with a base pool amount, which is then adjusted based on a formula using our actual performance relative to certain financial targets for the year. (The Compensation Committee also retains the right to adjust the pool for other factors.) Once the final group bonus pool is set after year end, the Compensation Committee allocates it to individual members of executive management based on (i) individual performance and contributions during the year and (ii) individual total compensation relative to the compensation benchmarks. No individual executive manager has an individual bonus guarantee, and in order to earn and receive a bonus, an executive manager must be employed on the date of the Compensation Committee meeting where the final bonus plan outcome is determined.

On April 2, 2014, the Compensation Committee approved a non-equity incentive plan for 2014 (the 2014 Plan ) under which members of our executive management, including our named executive officers, are eligible for cash bonus awards to be paid in 2015. The 2014 Plan set a base level aggregate bonus pool of \$1,400,000 (the 2014 Base Pool ) and provided that the actual bonus pool for 2014 could range from zero to twice the 2014 Base Pool based on our performance in 2014 relative to pre-set targets for revenue and non-GAAP adjusted EBITDA (which, as publicly reported by the Company, typically excludes non-recurring and/or non-cash items such as ASC 718-related expenses, litigation charges, non-recurring adjustments, changes in the ShipStation earn-out valuation, corporate development / acquisition expenses, and other 1-time and non-recurring items). The Compensation Committee set the amount of the 2014 Base Pool at

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\$1,400,000, so that, if executive management performed at a reasonable level, as a group they would receive a total cash compensation for 2014 slightly above the median level (at the 57<sup>th</sup> percentile) versus the 2014 Equilar Benchmarks. The 2014 Base Pool represented approximately 55% of the aggregate 2014 base salaries of our managers.

The final 2014 financial results were revenue of \$147.3 million and adjusted EBITDA of \$44.2 million. Under the 2014 Plan, the revenue result generated an increase to the 2014 bonus pool of 17.5%, and the EBITDA result generated an increase to the 2014 bonus pool of 10%, and the two factors were added together to generate an increase of 27.5%. Thus, under the 2014 Plan, the final 2014 financial results would have produced an aggregate bonus pool equal to \$1,785,000, or 127.5% of the 2014 Base Pool. After considering the historical compensation of executive management and the current compensation of executive management compared to the 2015 Equilar Benchmarks, and upon recommendation by the CEO, on January 28, 2015 the Compensation Committee set the final 2014 bonus pool at a level which was \$180,000 above the unadjusted outcome under the 2014 Plan, or \$1,965,000, for the reasons outlined below. This additional \$180,000 above the unadjusted outcome of the 2014 Plan is reflected as a bonus in our Summary Compensation Table. At this level, each member of our executive management received non-equity incentive compensation that was generally in line with their performance individually and as a group. The executive management as a group received total cash compensation for fiscal 2014 at approximately the 75<sup>th</sup> percentile versus the 2015 Equilar Benchmarks, and our named executive officers also received total cash compensation for fiscal 2014 at approximately the 78<sup>th</sup> percentile versus the 2015 Equilar Benchmarks.

Furthermore, in setting the final 2014 pool level, the Compensation Committee noted that when examining the 59 companies that constitute the complete list of all companies across all titles in the 2015 Equilar Benchmarks for all of our executives, Stamps.com ranks very highly in several key financial ratios, including the 92<sup>nd</sup> percentile for total net income, and the 97<sup>th</sup> percentile for return on revenue, return on assets and return on equity. Based on this and other criteria, the Compensation Committee considered a 75<sup>th</sup> percentile ranking for the total compensation of our executive management team, and an approximately 78<sup>th</sup> percentile ranking for the total compensation of our six named executive officers to be very reasonable.

Once the Compensation Committee established the final 2014 Plan bonus pool level, the Compensation Committee discussed allocation of the bonus pool for the individual executive managers. In doing so, the Compensation Committee discussed individual performance of the executive managers, the performance of Mr. McBride in his overall leadership of our company, and the overall company performance. The Compensation Committee believed that executive management performed very successfully in 2014. Executive management generated very positive 2014 financial results including: (i) total revenue of \$147.3M, up 15% versus 2013; (ii) core mailing & shipping revenue of \$139.7M up 16% versus 2013; (iii) pro-forma operating income of \$41.0M up 6% versus 2013; (iv) adjusted EBITDA of \$44.2M up 8% versus 2013; (v) pro-forma net income of \$40.5M up 4% versus 2013; (vi) pro-forma EPS of \$2.47 up 3% versus 2013; (vii) paid customers growth from 468K to 514K during 2014; and (viii) total postage printed growth of 7% to \$1.7 billion. Please see our prior filings on Form 8-K for reconciliation of non-generally accepted accounting principles ( GAAP ) financial measures to GAAP financial measures.

Based on these factors and an assessment that each of the named executive officers had satisfied their individual goals and objectives, the Compensation Committee set the individual allocation of the 2014 bonus pool. Additionally, on April 21, 2015 the chief executive officer and the chief financial officer set the compensation of our chief marketing officer as he is not currently a corporate officer; in doing so they considered all of the same aforementioned factors that the Compensation Committee considered, and also evaluated the performance of our chief marketing officer, and also compared his total 2014 compensation to the 2015 Equilar Benchmarks which were calculated in the aforementioned manner. The Compensation Committee was informed of the compensation of the chief marketing officer. The compensation was as follows:

<b>Name and Principal Position</b>	<b>2014 Non-Equity Incentive Plan (Paid in April 2015)</b>	<b>Fiscal 2014 Bonus (Paid in April 2015)</b>	<b>2014 Total Base Salary plus 2014 Non-Equity Incentive Plan plus 2014 Bonus Compensation</b>	<b>2014 Total Base Salary plus Non-Equity Incentive Plan Compensation Plus Bonus Versus 2015 Equilar Benchmarks</b>
Kenneth McBride Chief Executive Officer and Chairman of the Board of Directors	\$ 590,458	\$ 59,542	\$ 1,182,667	85 %
Kyle Huebner Chief Financial Officer and Co-president	\$ 299,771	\$ 30,229	\$ 672,667	96 %
James Bortnak Co-President and Corporate & Business Development Officer	\$ 313,397	\$ 31,603	\$ 661,167	72 %
Sebastian Buerba Chief Marketing Officer	\$ 0	\$ 241,779	\$ 500,000	72 %
John Clem Chief Product & Strategy Officer	\$ 188,038	\$ 18,962	\$ 470,000	67 %
Seth Weisberg Chief Legal Officer and Secretary	\$ 168,053	\$ 16,947	\$ 482,833	57 %

For additional information concerning the compensation of each of our named executive officers for 2014, see Summary Compensation Table.

On April 9, 2015, the Compensation Committee approved a non-equity incentive plan for 2015 (the 2015 Plan ) under which our corporate officers, including some of our named executive officers, are eligible for cash bonus awards to be paid in 2016. The 2015 Plan sets a base level aggregate bonus pool of \$1.8 million (the 2015 Base Pool ) and provides that the actual bonus pool for 2015 could range from zero to twice the 2015 Base Pool based on our performance in

2015 relative to targets for revenue and adjusted EBITDA (which, as publicly reported by the Company, typically excludes non-recurring and/or non-cash items such as ASC 718-related expenses, litigation charges, non-recurring adjustments, changes in the ShipStation earn-out valuation, corporate development / acquisition expenses, and other one-time and non-recurring items). The Compensation Committee increased the size of the 2015 Base Pool from the \$1.4 million 2014 Base Pool to \$1.8 million because of the overall increase in the size and scope of our Company, and because of an expected increase in the size of comparable companies to be used during the 2016 Compensation Decisions (expected to happen in early 2017) owing to the expected increase in Company

revenue and market capitalization between the 2015 Compensation Decisions and the 2016 Compensation Decisions, with market capitalization expectations being partially based on an increase of market capitalization which has already occurred as of the current date since the 2015 Compensation Decisions were made in January 2015.

The latest publicly available guidance issued by us was on February 12, 2015, when we stated that we expected 2015 revenue to be in a range of \$160 to \$180 million, and 2015 Non-GAAP net earnings per fully diluted share to be in a range of \$2.50 to \$2.90. To illustrate the likely outcome of the 2015 Plan, the following table (i) shows the potential aggregate pool resulting from the formula under the 2015 Plan if we achieve an outcome at the top end, midpoint, and bottom end of our guidance range and (ii) compares the resulting executive management team total compensation to the total compensation of the 2015 Equilar benchmarks:

Company Performance vs. Public Guidance (1)	Total Resulting Bonus Pool (1)	Total Executive Team Compensation (2)	Total Team Compensation vs. 2014 Equilar Benchmarks (3)
Bottom End of Guidance Range (\$160 million revenue, \$2.50 Non-GAAP EPS)	\$ 1,260,000	\$ 3,737,000	53 <sup>rd</sup> percentile
Midpoint of Guidance Range (\$170 million revenue, \$2.70 Non-GAAP EPS)	\$ 1,800,000	\$ 4,277,000	71 <sup>st</sup> percentile
Top End of Guidance Range (\$180 million revenue, \$2.90 Non-GAAP EPS)	\$ 2,340,000	\$ 4,817,000	90 <sup>th</sup> percentile

- (1) The Compensation Committee retains the right to change the actual bonus pool in its discretion. Total executive management team compensation is projected total base salary plus total incentive-based
- (2) compensation for all current executive managers as a group, including all named executive officers and others. Total executive management team compensation versus 2015 Equilar benchmarks is the ranking of total
- (3) projected executive management team compensation versus the total of all 2015 Equilar benchmarks for all executive managers that are included under the 2014 Bonus Plan.

This table merely illustrates potential outcomes, and does not represent any statement that the guidance given in February 2015 continues to be valid. Our actual results will vary from our prior guidance, and those differences may be material.

**Equity Incentives.** We generally grant equity participation to our executive managers in order to provide incentives for them to guide the business toward our long-term goal of increasing stockholder value. Historically, the primary form of equity participation that we awarded our executive management consisted of incentive stock options (ISOs) and non-qualified stock options. We selected this form of equity participation because of the favorable accounting and tax treatments (particularly in past years), and the general software and technology industry practice of providing stock options to executive management employees. When we grant stock options, our practice is for our chief executive officer to meet with the Compensation Committee to discuss appropriate levels of stock option grants for each executive manager. Timing of stock option grants typically relates to (i) new employee hires, (ii) promotions of existing employees, (iii) year-end performance reviews of employees, or (iv) company-wide option grants as deemed appropriate by the Compensation Committee.

We currently do not have specific equity ownership goals relative to benchmarks for our named executive officers. In determining the number of options to be granted to executive officers, the Compensation Committee generally takes into account such factors as the individual's position and scope of responsibility;





the vesting period (and thus, retention value) remaining on the executive's existing options; the executive's ability to affect profitability and stockholder value; the individual's historic and recent job performance; equity compensation for similar positions at comparable companies; and the value of stock options in relation to other elements of total compensation.

On September 19, 2014, the Compensation Committee granted stock options to executive management. The Committee first examined equity grant practices at comparable companies for the prior four fiscal years (2009 through 2013). Based on data available from Equilar, Inc., a benchmark group of 29 companies was created (i) with \$100 to \$250 million in revenue; (ii) having market capitalization of \$400 million or more; (iii) located in higher cost-of living states (including, CA, CA, CT, DE, FL, GA, IL, MD, MA, MN, NH, NY, PA, TX, VA, WA, DC); and (iv) in industries that included the classification Technology-All by Equilar. Eight companies were then eliminated from the resulting list of comparable companies owing to factors which made them irrelevant for our analysis, such as (i) having issued excess options ahead of an initial public offering during the examined time period; (ii) closely held companies that issued equity grants only to family or founders; and (iii) companies that did not issue options owing to company structure (e.g. a holding company). After excluding these eight companies, the resulting benchmark universe included 21 companies.

The Committee then examined the specific equity practices in these 21 comparable companies. In order to adjust for the common practice of issuing full value awards (e.g., restricted stock) in conjunction with stock options, the Committee used the actual ratio of valuation of a stock option versus the full value share, as reported by each company in its SEC filings under ASC 718. Based on the benchmarks, it was determined that the median equity award per year for the 21 comparable companies was 4.6% of total shares in addition to equity awards outstanding.

The Committee then examined historical Company grant data. It was noted that over the period of time between 2009 through 2013, we issued ordinary course options to new hires and for promotions of employees other than executive management (i.e., not including any one-time company-wide grants). These ordinary course option grants were approximately 1.0% of total shares and grants outstanding each year for the Company. This amount was then subtracted from the total 4.6% annual equity award amount made at the comparable companies to determine the appropriate size of a company-wide grant which, including both the company-wide grant amount plus the annual ordinary course options, would result in the same total number of shares granted as the 21 comparable companies. Based on this analysis, the Committee decided that a company-wide grant of 2 million stock option awards, or approximately 10.5% of the pro-forma outstanding shares plus options following the grant, would be allocated to the 2014 company-wide grant and would vest equally over a period of 36 months.

The Committee next discussed stock option grants for certain of our corporate officers and executive management members, including the named executive officers. The Committee examined current individual employee stock options and stock ownership levels. Based on data available from Equilar, the Committee created a benchmark group for each member of executive management the ( 2014 Equity Benchmarks ), made up of individuals with similar titles and responsibilities at companies (i) with \$100 to \$250 million in revenue; (ii) having market capitalization of \$400 million or more; (iii) located in higher cost-of living states (including, CA, CT, DE, FL, GA, IL, MD, MA, MN, NH, NY, PA, TX, VA, WA, DC); and (iv) in industries that include all technology companies. Individuals at other companies who were founders, who were interim, who had resigned, or that had received no equity as of the date of the proxy were excluded from the analysis. Only proxies filed after January 1, 2013 were included.

For each of our corporate and executive officers, the Committee considered current ownership percentages and pro-forma potential ownership under a new grant, relative to benchmarks of similar executive officers in the other similar companies. The Committee also reviewed and discussed the individual performance of each member of executive management during the past several years, and considered future impact that each individual may have on us. The Committee decided to allocate 1,105,000 stock options of the 2 million company-wide grant to our corporate officers and executive management. For information concerning the 2014 stock option grants to our named executive officers, see Grants of Plan-Based Awards.

In particular, following the September 19, 2014 incentive stock option grants, our chief executive officer held stock and options that represented potential ownership of our common stock at a level below the

25<sup>th</sup> percentile, and our chief financial officer and co-president, held stock and options that represented potential ownership of our common stock at the 63<sup>rd</sup> percentile, in each case versus the 2014 Equity Benchmarks as calculated by the Committee. In addition, following the September 19, 2014 stock option grants, our chief technology officer held stock and options that represented potential ownership of our common stock at the 81<sup>st</sup> percentile versus the 2014 Equity Benchmarks as calculated by the Committee. Our chief legal officer's ownership position was above the 90<sup>th</sup> percentile versus the 2014 Equity Benchmarks as calculated by the Committee (this is attributable to him holding his stock and options for longer periods of time than is typical of comparable counterparts in other companies). Our co-president corporate and business development did not have enough data amongst the 21 companies to do a meaningful analysis, but we believe that his potential equity positions were consistent with past practices and are reasonable.

***Post-Termination Compensation Arrangements.*** We provide post-termination compensation arrangements to certain members of our executive management as we believe that it is important to give them some limited protection in the event they are terminated without cause or terminated following a change in control. Further, it is our belief that the interests of stockholders will be best served if the interests of our executive management are aligned with them, and providing change in control benefits should eliminate, or at least reduce, any reluctance of executive management to pursue potential change in control transactions that may be in the best interests of stockholders. The cash components of all of our executive management post-termination compensation arrangements, if any, range from three to six months of base salary, and typically also include continuing health benefits during the same period. For example, our chief executive officer and our chief financial officer and co-president each receives six months of base salary following his termination without cause or termination following a change in control. In addition, all unvested options under our stock option plans, including those held by executive management, vest on involuntary termination of employment within 18 months following a change of control.

For information concerning the post termination compensation of our named executive officers, see Potential Payments Upon Termination or Change-In-Control.

***Clawback Policy.*** On April 24, 2015, our Compensation Committee adopted and has communicated to our executive officers, a clawback policy to further align the interests of our executives with stockholders. Under our clawback policy, our Compensation Committee may, in certain cases reduce or cancel, or require recovery of, any executive officer's annual bonus or long-term incentive compensation award, or portions thereof, if the Board determines that such award should be adjusted because that executive officer has engaged in intentional misconduct that has led to a material restatement of the Company's financial statements.

#### **Other Benefits**

As reflected in the Summary Compensation Table, we generally do not provide special perquisites to our executive management. Executive management participates in our standard benefit plans on the same terms as other employees. These plans include medical and dental insurance, 401(k), life insurance, charitable gift matching (limited to 50% matching of up to \$200 per employee per year) and our employee stock purchase plan. Relocation benefits for executive officers may also be reimbursed but are individually negotiated when they occur.

#### **Tax and Accounting Considerations.**

We record cash compensation as an expense at the time the obligation is accrued. Under Section 162(m) of the Internal Revenue Code, compensation in excess of \$1,000,000 paid in any one year to named executive officers (other than our chief financial officer) is not tax deductible to us unless certain requirements are met. Our current program for the payment of non-equity incentive compensation and additional bonuses does not meet the Section 162(m) requirements necessary to be considered performance-based, and, as a result, is included in compensation subject to the \$1 million limitation on deductibility. Except for approximately \$64,000 in excess of \$1 million paid to our Chairman of the Board and Chief Executive Officer, the cash compensation paid to each of our named executive officers in 2014 was less than \$1 million, and, therefore, the deductibility of such



compensation was not affected by the limitations of Section 162(m). We retain the flexibility to pay compensation which is not deductible for tax purposes because we believe that doing so permits us to take into consideration factors that are consistent with good corporate governance and the best interests of our shareholders.

In general, income recognized by employees upon the exercise of nonqualified stock options is tax-deductible for us, subject to any limitations that may be imposed by Section 162(m). Gain recognized by an employee with respect to an incentive stock option will not be deductible unless there is a disqualifying disposition of the shares by the employee. A disqualifying disposition occurs when an employee sells or disposes of incentive stock option shares within two years after the grant date or within one year after the exercise date. The employee is taxed on the gain, based on stock value at the time of exercise of the incentive stock option, at ordinary income tax rates. In addition, if in the future we grant restricted stock or restricted stock unit awards to named executive officers that vest on a time basis or otherwise are not performance-based for purposes of Section 162(m), they may not be fully deductible by us at the time the award is otherwise taxable to the employee.

We account for equity compensation paid to our executives and employees under the rules of ASC 718, which requires us to estimate and record a non-cash expense over the term of the equity compensation award.

### **Forward-Looking Statements**

This proxy statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to expectations concerning matters that are not historical facts. You can find many (but not all) of these statements by looking for words such as approximates, believes, expects, anticipates, estimates, intends, plans, would, similar expressions in this proxy statement. We claim the protection of the safe harbor contained in the Private Securities Litigation Reform Act of 1995. We caution you that any forward-looking statements presented in this proxy statement, or that we may make orally or in writing from time to time, are based on beliefs and assumptions made by, and information currently available to, us. Such statements are based on assumptions, and the actual outcome will be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control or ability to predict. Although we believe that our assumptions are reasonable, they are not guarantees of future performance, and some will inevitably prove to be incorrect. As a result, our actual future results may differ from our expectations, and those differences may be material. We are not undertaking any obligation to update any forward-looking statements. Accordingly, you should use caution in relying on past forward-looking statements, which are based on known results and trends at the time they are made, to anticipate future results or trends.

Please refer to the risk factors under Item 1A. Risk Factors of our 2014 Annual Report on Form 10-K as well as those described elsewhere in our public filings. The risks included are not exhaustive, and additional factors could adversely affect our business and financial performance. We operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

## COMPENSATION COMMITTEE REPORT

*The information contained in this Compensation Committee Report shall not be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing (except to the extent that we specifically incorporate this information by reference) and shall not otherwise be deemed soliciting material or filed with the Securities and Exchange Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934 (except to the extent that we specifically request that this information be treated as soliciting material or specifically incorporate this information by reference).*

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis section be included in this proxy statement.

Submitted by the Compensation Committee:

Mohan P. Ananda  
Lloyd I. Miller, III

**SUMMARY COMPENSATION TABLE**

The following summary compensation table indicates the total compensation earned during 2014, 2013 and 2012, respectively, by our chief executive officer, chief financial officer and co-president and each of our other three highest compensated executive officers whose total compensation exceeded \$100,000 during 2014. The listed individuals are referred to in this proxy statement as the named executive officers.

*Summary Compensation Table*

<b>Name and Principal Position</b>	<b>Year</b>	<b>2014 Base Pay</b>	<b>Bonus(1)</b>	<b>Option Awards(2)</b>	<b>Non-Equity Incentive Plan Compensation (1)</b>	<b>All Other Compensation (3)</b>	<b>Total</b>
Ken McBride	2014	\$ 532,667	\$ 59,542	\$ 986,663	\$ 590,458	\$ 5,200	\$ 2,174,530
Chairman of the Board and Chief Executive Officer	2013	\$ 443,000	\$ 118,689	\$ 0	\$ 438,311	\$ 5,100	\$ 1,005,100
	2012	\$ 425,833	\$ 26,498	\$ 0	\$ 353,502	\$ 5,000	\$ 810,833
Kyle Huebner	2014	\$ 342,667	\$ 30,229	\$ 592,000	\$ 299,771	\$ 5,200	\$ 1,269,867
Chief Financial Officer and Co-President	2013	\$ 304,000	\$ 63,074	\$ 0	\$ 232,926	\$ 5,100	\$ 605,100
	2012	\$ 292,500	\$ 13,249	\$ 0	\$ 176,751	\$ 5,000	\$ 487,500
James Bortnak	2014	\$ 316,167	\$ 31,603	\$ 592,000	\$ 313,397	\$ 5,182	\$ 1,258,349
Co-President and Corp. & Bus. Dev. Officer	2013	\$ 270,667	\$ 70,176	\$ 0	\$ 259,157	\$ 5,100	\$ 605,100
	2012	\$ 262,667	\$ 11,506	\$ 0	\$ 153,494	\$ 5,000	\$ 432,667
Sebastian Buerba	2014	\$ 258,221	\$ 241,779	\$ 572,263	\$ 0	\$ 5,200	\$ 1,077,463
Chief Marketing Officer	2013	\$ 235,175	\$ 195,000	\$ 0	\$ 0	\$ 5,100	\$ 435,275
	2012	\$ 227,500	\$ 120,000	\$ 0	\$ 0	\$ 5,000	\$ 352,500
Seth Weisberg	2014	\$ 297,833	\$ 16,947	\$ 473,600	\$ 168,053	\$ 5,200	\$ 961,633
Chief Legal Officer and Secretary	2013	\$ 285,500	\$ 33,028	\$ 0	\$ 121,972	\$ 5,100	\$ 445,600
	2012	\$ 276,667	\$ 8,786	\$ 0	\$ 117,214	\$ 5,000	\$ 407,667
John Clem	2014	\$ 263,000	\$ 18,962	\$ 473,600	\$ 188,038	\$ 5,009	\$ 948,609
Chief Product & Strategy Officer	2013	\$ 251,667	\$ 38,356	\$ 0	\$ 141,644	\$ 7,007	\$ 438,674
	2012	\$ 243,333	\$ 9,693	\$ 0	\$ 129,307	\$ 4,685	\$ 387,018



- (1) Bonuses paid to corporate officers and other executive management consisted of payments under the non-equity incentive plan and discretionary bonuses.  
The amounts in this column represent the aggregate grant date fair value of option awards granted during 2014 computed in accordance with ASC 718. The assumptions for these amounts are included in Note 2 to our audited
- (2) financial statements included in our Annual Report on Form 10-K for 2014. The value of the options granted under the 2014 Amendment to the Stamps.com Inc. 2010 Non-Equity Incentive Plan are not included because they currently have no value as computed in accordance with ASC 718.  
Consists of contributions to our 401(k) plan that we made on behalf of the named executive officer to match a
- (3) portion of his elective deferred contributions to such plan. In addition, this includes an amount of \$2,000 paid to John Clem in 2013 related to patent inventor bonuses.

**GRANTS OF PLAN-BASED AWARDS**

The following table provides information with respect to grants of plan-based awards made during 2014 to the named executive officers.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Option Awards: Number of Securities Underlying Option (#)(5)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards(6)
		Threshold \$(2)	Target \$(3)	Maximum \$(4)			
Ken McBride	4/2/2014	\$ 312,396	\$ 446,280	\$ 892,560			
	9/19/2014				83,333(5 )	\$ 32.41	\$ 986,663
Kyle Huebner	4/2/2014	\$ 166,013	\$ 237,161	\$ 474,323			
	9/19/2014				166,667(7 )	\$ 32.41	—
James Bortnak	4/2/2014	\$ 184,708	\$ 263,869	\$ 527,737			
	9/19/2014				50,000(5 )	\$ 32.41	\$ 592,000
John Clem	4/2/2014	\$ 100,954	\$ 144,220	\$ 288,440			
	9/19/2014				100,000(7 )	\$ 32.41	—
Seth Weisberg	4/2/2014	\$ 86,932	\$ 124,189	\$ 248,379			
	9/19/2014				40,000(5 )	\$ 32.41	\$ 473,600
					80,000(7 )	\$ 32.41	—

- (1) Under the 2014 Plan, seven members of our executive management, including our named executive officers, were eligible for cash bonus awards to be paid in 2015. The 2014 Plan set a base level aggregate bonus pool, the 2014 Base Pool, and provided that the actual bonus pool for 2014 could range from zero to twice the 2014 Base Pool based on our performance in 2014 relative to targets for revenue, gross customer acquisition outside of our enhanced promotion channel, and adjusted EBITDA (which, as publicly reported by the Company, typically excludes non-recurring and/or non-cash items such as ASC 718-related expenses, litigation charges, non-recurring adjustments, changes in the ShipStation earn-out valuation, corporate development / acquisition expenses, and other 1-time and non-recurring items). The Compensation Committee set the amount of the 2014

Base Pool at \$1,400,000, so that, if our executive management performed at a reasonable level, as a group they would receive a total cash compensation for 2014 at approximately the 57<sup>th</sup> percentile) versus the then applicable Equilar benchmarks. For additional information about this plan, see

—Compensation Discussion and Analysis—Non-equity Incentive Plan Compensation, and for actual amounts paid under this plan for 2014, all of which were paid in May 2015, see —Summary Compensation Table.

- (2) The amounts in this column assume (i) an aggregate bonus pool equal to 70% of the 2014 Base Pool, which would have resulted from an actual 2014 financial outcome at the low end of our February 2014 public guidance range for revenue and pro-forma earnings per share (note that our public guidance range was subsequently changed at various times throughout fiscal 2014), and this would have been equivalent to

\$125 million in total revenue and \$2.10 in non-GAAP pro-forma net income per share; and (ii) that each named executive officer received the same percentage share of the bonus pool that he received under the 2013 bonus plan. However, no individual named executive officer is guaranteed any minimum amount, so the amount could in fact be zero.

The amounts in this column assume (i) an aggregate bonus pool equal to 100% of the 2014 Base Pool, which would have resulted from an actual 2014 financial outcome at the mid-point of our February 2014 public guidance range for revenue and non-GAAP pro-forma earnings per share (note that our public guidance range (3) was subsequently changed at various times throughout fiscal 2014), and this would have been \$132.5 million in total revenue and \$2.30 in non-GAAP pro-forma net income per share (ii) that each named executive officer received the same percentage share of the bonus pool that he received under the 2013 bonus plan. However, no individual named executive officer is guaranteed any minimum amount, so the amount could in fact be zero. The amounts in this column assume the maximum possible bonus pool of 200% of the 2014 Base Pool and that each named executive officer received the percentage share of the bonus pool that he received under the 2013 (4) bonus plan. However, in the unlikely event that no other member of executive management received any bonus, and the Compensation Committee did not adjust the bonus pool as a result, any individual named executive officer could in theory receive the total amount of the bonus pool.

(5) These option awards issued under the 2010 Non-Equity Incentive Plan vest monthly in equal parts over a 12 month period and the first vesting date was October 19, 2014.

The amounts in this column represent the aggregate grant date fair value of option awards granted during 2014 computed in accordance with ASC 718. The assumptions for these amounts are included in Note 2 to our audited (6) financial statements included in our Annual Report on Form 10-K for 2014. The value of the options granted under the 2014 Amendment to the Stamps.com Inc. 2010 Non-Equity Incentive Plan are not included because they currently have no value as computed in accordance with ASC 718.

These are option awards issued under the 2014 Amendment to the Stamps.com Inc. 2010 Non-Equity Incentive Plan (the 2014 Amendment ) and vest monthly in equal parts over a 24 month period and the first vesting date is (7) October 19, 2015. Options issued pursuant to 2014 Amendment are subject to conditions as described in the Form 8-K we filed with the SEC on September 12, 2014. Therefore, no shares may be issued under the stock options issued pursuant to the 2014 Amendment, and such stock options issued shall not become exercisable, prior to the date, if any, on which our stockholders approve the 2014 Amendment at our Annual Meeting.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table provides information on outstanding stock options held by the named executive officers at December 31, 2014:

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date
Kenneth McBride	27,779	—	12.55	5/20/2021
	20,833	62,500(1 )	32.41	9/19/2024
	—	166,667(2 )	32.41	9/19/2024
Kyle Huebner	24,306	—	12.55	5/20/2021
	12,499	37,501(1 )	32.41	9/19/2024
	—	100,000(2 )	32.41	9/19/2024
James Bortnak	12,499	37,501(1 )	32.41	9/19/2024
	—	100,000(2 )	32.41	9/19/2024
Sebastian Buerba	—	—	—	—
	12,083	36,250(1 )	32.41	9/19/2024
	—	96,667(2 )	32.41	9/19/2024
John Clem	16,667	—	12.55	5/20/2021
	9,999	30,001(1 )	32.41	9/19/2024
	—	80,000(2 )	32.41	9/19/2024
Seth Weisberg	20,837	—	13.10	5/21/2017
	100,000	—	12.55	5/20/2021
	9,999	30,001(1 )	32.41	9/19/2024
	—	80,000(2 )	32.41	9/19/2024

- (1) These option awards issued under the 2010 Non-Equity Incentive Plan vest monthly in equal parts over a 12 month period and the first vesting date was October 19, 2014. The grants will fully vest on September 19, 2015. These option awards issued under the 2014 Amendment to the Stamps.com Inc. 2010 Non-Equity Incentive Plan
- (2) vest monthly in equal parts over a 24 month period and the first vesting date is October 19, 2015. The grants will fully vest on September 19, 2017.

**OPTION EXERCISES AND STOCK VESTED**

The following table sets forth the number of shares acquired and the value realized upon exercise of stock options during 2014 by each of our named executive officers. None of our named executive officers holds any restricted shares of our common stock.

<b>Name</b>	<b>Option Awards</b>	
	<b>Number of Shares Acquired on Exercise (#)</b>	<b>Value Realized on Exercise (\$)(1)</b>
Ken McBride	6,944	181,990
James Bortnak	13,889	307,919
Seth Weisberg	35,400	1,129,486

(1) Value realized on exercise is based on the fair market value of our common stock on the date of exercise minus the exercise price and does not necessarily reflect proceeds actually received by the named executive officer.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL**

Messrs. McBride, Huebner, Bortnak and Weisberg have entered into separation agreements with us such that in the event of (i) an involuntary termination by us without cause or (ii) a resignation by the executive or termination by us following a change of control, these officers will receive six months' salary and benefits. The change of control payment will occur upon (y) any involuntary termination of employment following the change of control or (z) resignation within two to nine months following the change of control by these named executive officers. Except in the event of a change of control, no amounts would be due to any of our named executive officers in the event of a resignation or termination with cause. The information below reflects the estimated value of the compensation to be paid by us to each of these officers in the event of an involuntary termination without cause or a termination or resignation following a change in control. The amounts shown below assume that the triggering events occurred on December 31, 2014. The actual amounts that would be paid can only be determined at the time of the actual triggering event.

<b>Name</b>	<b>Payment Upon Termination without Cause or Termination or Resignation Following Change in Control (1)</b>
Ken McBride	\$ 282,854
Kyle Huebner	\$ 182,854
James Bortnak	\$ 170,354
Seth Weisberg	\$ 157,854

(1) Assumes a monthly value of \$1,309 for continued benefits.

In addition, our stock option plans provide that any optionee, including our named executive officers, whose service is

involuntarily terminated within 18 months following a change in control, will have any unvested options that were assumed by the successor corporation become fully exercisable. A change in control is defined as a merger or consolidation in which securities possessing more than 50% of the total combined voting power of our outstanding securities are transferred to a person or persons different from those who held those securities immediately prior to the transaction, or the sale, transfer or other disposition of all or substantially all of our assets in complete liquidation or dissolution. Involuntary termination is defined as the optionee's involuntary dismissal or discharge by us for reasons other than misconduct, or the optionee's voluntary resignation following: (i) a change in his or her position with us which materially reduces his or her responsibilities; (ii) a reduction in his or her level of compensation by more than 15%; or (iii) a relocation of the optionee's place of employment by more than 50 miles, and this change, reduction or relocation is effected without the optionee's consent.

Assuming triggering events occurred on December 31, 2014, the following amounts would then be accelerated as a result of the acceleration of stock options for our named executive officers based on a closing stock price of \$47.99 on December 31, 2014.

<b>Name</b>	<b>Options Accelerated Upon Involuntary Termination following Change in Control (1)</b>
Ken McBride	\$ 3,570,422
Kyle Huebner	\$ 2,142,266
James Bortnak	\$ 2,142,266
Sebastian Buerba	\$ 2,070,847
John Clem	\$ 1,713,816
Seth Weisberg	\$ 1,713,816

Based on the fair market value of our common stock on December 31, 2014 minus the exercise price and does not (1) reflect proceeds actually received by the named executive officer. These amounts assume that the 2014 Amendment to the 2010 Non-Equity Incentive Plan is approved.



**BENEFICIAL OWNERSHIP OF SECURITIES**

The following table sets forth certain information known to us with respect to the beneficial ownership of our common stock as of April 6, 2015, by (i) all persons who are beneficial owners of 5% or more of our common stock, (ii) each director and nominee for director, (iii) our executive officers and (iv) all current directors and executive officers as a group. We have relied upon information provided to us by our directors and executive officers and copies of documents sent to us that have been filed with the SEC by others for purposes of determining the number of shares each person beneficially owns. Unless otherwise indicated, each of the stockholders has sole voting and investment power with respect to the shares beneficially owned, subject to community property laws, where applicable. Unless otherwise indicated, the address of each beneficial owner listed below is c/o Corporate Secretary, Stamps.com Inc., 1990 E. Grand Avenue, El Segundo, CA 90245. The percentage of ownership is based on 16,358,292 shares of our common stock issued and outstanding on April 6, 2015. Shares of our common stock subject to stock options that are currently exercisable or will become exercisable within 60 days after April 6, 2015 are deemed outstanding for computing the percentage of the person or group holding such options, but are not deemed outstanding for computing the percentage of any other person or group.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentages of Shares Beneficially Owned	
Kenneth McBride (1)	89,535		*
Kyle Huebner (2)	59,385		*
Michael Biswas (3)	47,056		*
James Bortnak (4)	21,433		*
John Clem (5)	46,045		*
JP Leon (6)	30,721		*
Seth Weisberg (7)	98,352		*
Mohan P. Ananda (8)	736,524	4.49	%
G. Bradford Jones (9)	94,786		*
Lloyd I. Miller (10)	880,344	5.37	%
Other 5% Stockholders:			
BlackRock, Inc. (11) 40 East 52nd Street New York, NY 10022	1,340,072	8.19	%
FMR LLC (12) 82 Devonshire Street Boston, Massachusetts 02109	2,215,894	13.55	%
Conestoga Capital Advisors LLC (13) 550 E. Swedesford Road, Suite 120 Wayne, Pennsylvania 19087	847,897	5.18	%
All directors and executive offers as a group (11)	2,104,181	12.49	%

people)

\* Represents beneficial ownership of less than 1% of the outstanding shares of common stock.

- (1) Includes 83,334 shares subject to options that are presently exercisable or will become exercisable within 60 days of April 6, 2015.
- (2) Includes 57,639 shares subject to options that are presently exercisable or will become exercisable within 60 days of April 6, 2015.
- (3) Includes 46,110 shares subject to options that are presently exercisable or will become exercisable within 60 days of April 6, 2015.

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- (4) Includes 20,833 shares subject to options that are presently exercisable or will become exercisable within 60 days of April 6, 2015.
- (5) Includes 43,333 shares subject to options that are presently exercisable or will become exercisable within 60 days of April 6, 2015.
- (6) Includes 23,705 shares subject to options that are presently exercisable or will become exercisable within 60 days of April 6, 2015.
- (7) Includes 86,666 shares subject to options that are presently exercisable or will become exercisable within 60 days of April 6, 2015.  
Includes 15,548 shares held by Mr. Ananda; 514,500 shares held by Mr. Ananda in the Ananda Small Business Trust; 20,000 shares held by the Ananda Foundation; 144,077 shares held in trust for the benefit of Mr. Ananda's family; and 2,399 are held beneficially for Mr. Ananda's children. In addition, 40,000 shares subject to options directly held by Mr. Ananda that are presently exercisable or will become exercisable within 60 days of April 6, 2015.
- (8) Includes 50,000 shares subject to options directly held by Mr. Jones that are presently exercisable or will become exercisable within 60 days of April 6, 2015.
- (9) 880,344 Beneficially Owned. Includes: 224,406 shares held directly by Mr. Miller; 40,000 shares subject to options directly held by Mr. Miller that are presently exercisable or will become exercisable within 60 days of April 6, 2015; 142,662 of the shares beneficially owned by Mr. Miller are owned of record by Trust A-4; 51,486 of the shares beneficially owned by Mr. Miller are owned of record by Milfam I L.P.; 276,138 of the shares beneficially owned by Mr. Miller are owned of record by Milfam II L.P.; 1,000 of the Shares beneficially owned by Mr. Miller are owned of record by Lloyd I. Miller, IV; 1,000 of the Shares beneficially owned by Mr. Miller are owned of record by AMIL; 99,732 of the Shares beneficially owned by Mr. Miller are owned of record by a Managed Account; and 43,920 of the Shares beneficially owned by Mr. Miller are owned of record by an irrevocable trust agreement MILGRAT (Z9), which were contributed by Trust C.
  - (11) Based solely on a Schedule 13G/A filed with the SEC on January 23, 2015.
  - (12) Based solely on a Schedule 13G/A filed with the SEC on February 13, 2015.
  - (13) Based solely on a Schedule 13G filed with the SEC on January 14, 2015.
- (10)

## **AUDIT COMMITTEE REPORT**

*The information contained in this section shall not be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing (except to the extent that we specifically incorporate this information by reference) and shall not otherwise be deemed soliciting material or filed with the Securities and Exchange Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934 (except to the extent that we specifically request that this information be treated as soliciting material or specifically incorporate this information by reference).*

The following is the report of the Audit Committee with respect to our audited financial statements for the fiscal year ended December 31, 2014 included in our Annual Report on Form 10-K for that year.

### **Review with Management**

The Audit Committee has reviewed and discussed these audited financial statements with our management.

### **Review and Discussions with Independent Auditors**

The Audit Committee has discussed with our independent auditors, Ernst & Young LLP, the matters required to be discussed under Auditing Standard No. 16, *Communications with Audit Committees* (AS16), adopted by the Public Company Accounting Oversight Board.

The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by the Public Company Accounting Oversight Board Ethics and Independence Rule 3526, *Communication with Audit Committees*, regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with Ernst & Young LLP the independence of Ernst & Young LLP from the Company.

### **Conclusion**

Based on the review and discussions referred to above in this report, the Audit Committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee  
of the Board of Directors

Mohan Ananda  
G. Bradford Jones  
Lloyd I. Miller, III

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **Procedures for Review and Ratification of Related Party Transactions**

We have an informal policy requiring that all related party transactions be submitted to our Audit Committee members not involved in the transaction for review and advance approval. The Audit Committee is empowered to collect and review all material facts and all necessary data for each related party transaction. After review, the Audit Committee will only approve or ratify the transactions that are in, or are not inconsistent with, our best interests and the best interests of our stockholders, as the Audit Committee determines in good faith.

### **Transactions with Mr. Ananda**

Under our initial agreements with Mr. Ananda, we own all of the intellectual property developed by Mr. Ananda during the course of his employment and all of the intellectual property he developed for us before his formal employment began. Mr. Ananda resigned as our Chief Executive Officer on January 1, 1999. In May 1999, we entered into a separation agreement and a license agreement with Mr. Ananda to formalize his resignation and to redefine his intellectual property rights. The license agreement reaffirms our ownership of the intellectual property invented by Mr. Ananda prior to and during his employment. In addition, the license agreement clarifies and narrows Mr. Ananda's field of use restrictions to limit his license to a few narrowly defined electronic commerce applications that do not compete with our Internet postage service.

### **Indemnification of Directors and Officers**

In addition to the indemnification provisions contained in our certificate of incorporation and bylaws, we entered into separate indemnification agreements with certain of our directors and officers. These agreements require us, among other things, to indemnify our directors and officers against expenses (including attorneys' fees), judgments, fines and settlements paid by those individuals in connection with any action, suit or proceeding arising out of their status or service as our director or officer (other than liabilities arising from willful misconduct or conduct that is knowingly fraudulent or deliberately dishonest) and to advance expenses incurred in connection with any proceeding against them with respect to which they may be entitled to indemnification by us.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

The members of our Board, our executive officers and persons who hold more than 10% of our outstanding common stock are subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, which requires them to file with the SEC reports with respect to their ownership of our common stock and their transactions in our common stock and to furnish us with copies of those reports. Based solely on a review of copies of reports filed with the SEC under Section 16(a) and submitted to us and on written representations by certain of our directors and executive officers, we believe that all of our directors, executive officers and greater-than-10% stockholders filed all such required reports on a timely basis during 2014.

## **OTHER MATTERS**

### **Other Matters to be Presented for Voting at the Annual Meeting**

We know of no other matters that will be presented for consideration for voting at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares they represent as our Board may recommend. Discretionary authority with respect to other matters is granted by the execution of the enclosed proxy, unless you specifically withhold that power.

**Annual Report**

A copy of our annual report for 2014 has been mailed concurrently with this proxy statement to all stockholders entitled to notice of and to vote at the Annual Meeting. The annual report is not incorporated into this proxy statement and is not considered proxy solicitation material. *Our annual report shall not be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing (except to the extent that we specifically incorporate this information by reference) and shall not otherwise be deemed soliciting material or filed with the Securities and Exchange Commission.*

**Form 10-K**

We filed an annual report on Form 10-K for 2014 with the SEC on March 16, 2015. You may obtain a copy of that report, without charge, by writing to Investor Relations at Stamps.com Inc., 1990 E. Grand Avenue, El Segundo, CA 90245, or you can access copies of all our Securities and Exchange Commission filings on our website at <http://investor.stamps.com/edgar.cfm>.

By Order of the Board of Directors:

/s/ Ken McBride

Ken McBride, Chief Executive Officer

May 6, 2015

Annex A  
(Board of Directors Compensation Peer Groups)

The following companies are included in our compensation benchmark group used for our Board of Directors compensation:

**Company**

AMERICAN  
SOFTWARE INC  
APPLIED MICRO  
CIRCUITS CORP  
BLACK DIAMOND  
INC  
CALAMP CORP.  
CAVIUM INC.  
COMMUNICATIONS  
SYSTEMS INC  
DICE HOLDINGS INC  
DSP GROUP INC  
EBIX INC  
ELECTRO  
SCIENTIFIC  
INDUSTRIES INC  
EXAR CORP  
HURCO COMPANIES  
INC  
ICG GROUP INC  
INCONTACT INC  
INNOTRAC CORP  
KEYNOTE SYSTEMS  
INC  
KEYW HOLDING  
CORP  
KVH INDUSTRIES  
INC  
LIMELIGHT  
NETWORKS INC  
LTX-CREDENCE  
CORP  
MATTSON  
TECHNOLOGY INC  
MINDSPEED  
TECHNOLOGIES INC  
MONOLITHIC  
POWER SYSTEMS

INC  
PARK  
ELECTROCHEMICAL  
CORP  
PLX TECHNOLOGY  
INC  
RUDOLPH  
TECHNOLOGIES INC  
SEACHANGE  
INTERNATIONAL  
INC  
SIGMA DESIGNS INC  
SOURCEFIRE INC  
ULTRATECH INC  
VASCO DATA  
SECURITY  
INTERNATIONAL  
INC  
VICOR CORP  
VITESSE  
SEMICONDUCTOR  
CORP  
VOCUS INC  
VOLTERRA  
SEMICONDUCTOR  
CORP  
XO GROUP INC  
ZHONE  
TECHNOLOGIES INC  
ZYGO CORP



Annex B  
(Selected Compensation Peer Groups)

The following companies are included in our compensation benchmark groups used for our 2015 Compensation Decisions (all data from Equilar as of January 2015).

- For our Chairman and Chief Executive Officer:

**Company**

ATLANTIC TELE  
NETWORK INC /DE  
CALAMP CORP.  
CALLIDUS  
SOFTWARE INC  
DTS, INC.  
EBIX INC  
ENPHASE  
ENERGY, INC.  
FARO  
TECHNOLOGIES  
INC  
INFOBLOX INC  
INTELIQUENT,  
INC.  
INTERNAP  
NETWORK  
SERVICES CORP  
MERCURY  
SYSTEMS INC  
MONOTYPE  
IMAGING  
HOLDINGS INC.  
MOVE INC  
NIMBLE STORAGE  
INC  
PEREGRINE  
SEMICONDUCTOR  
CORP  
PROOFPOINT INC  
PROS HOLDINGS,  
INC.  
QUALYS, INC.  
RAMBUS INC  
RIGNET, INC.  
SILICON IMAGE  
INC

SONUS  
NETWORKS INC  
SPOK HOLDINGS,  
INC.  
UNIVERSAL  
DISPLAY CORP

- For our Chief Financial Officer and Co-President:

**Company**

AMBARELLA  
INC  
ATLANTIC  
TELE  
NETWORK INC  
/DE  
BARRACUDA  
NETWORKS  
INC  
BAZAARVOICE  
INC  
CALAMP CORP.  
CVENT, INC.  
DTS, INC.  
EBIX INC  
ELLIE MAE INC  
ENPHASE  
ENERGY, INC.

FORRESTER  
RESEARCH INC  
HITTITE  
MICROWAVE  
CORP  
IMPERVA INC  
INFOBLOX INC  
INTERNAP  
NETWORK  
SERVICES CORP  
MEDIDATA  
SOLUTIONS, INC.  
MONOLITHIC  
POWER SYSTEMS  
INC  
MONOTYPE  
IMAGING  
HOLDINGS INC.  
MOVE INC  
PDF SOLUTIONS  
INC  
PEREGRINE  
SEMICONDUCTOR  
CORP  
PROOFPOINT INC  
PROS HOLDINGS,  
INC.  
RAMBUS INC  
RIGNET, INC.  
SPOK HOLDINGS,  
INC.  
TABLEAU  
SOFTWARE INC  
TANGOE INC  
TRULIA, INC.  
VASCO DATA  
SECURITY  
INTERNATIONAL  
INC

- For our Chief Legal Officer and Secretary:

**Company**

ATLANTIC  
TELE  
NETWORK INC  
/DE

BAZAARVOICE  
INC  
DTS, INC.  
ELLIE MAE INC  
INTELIQUENT,  
INC.  
LOGMEIN, INC.  
MOVE INC  
RAMBUS INC  
RIGNET, INC.  
SONUS  
NETWORKS  
INC

- For our Co-President, Corporate and Business Development:

**Company**

8X8 INC /DE/  
ATLANTIC  
TELE  
NETWORK INC  
/DE  
BAZAARVOICE  
INC  
CALAMP CORP.  
CORNERSTONE  
ONDEMAND  
INC

ENPHASE ENERGY,  
INC.

FIREEYE INC

FORRESTER  
RESEARCH INC

GIGAMON INC

IMPERVA INC

INVENSENSE INC

JIVE SOFTWARE,  
INC.

LOGMEIN, INC.

MONOLITHIC  
POWER SYSTEMS  
INC

NIMBLE STORAGE  
INC

OPENTABLE INC

OPLINK  
COMMUNICATIONS  
INC

PDF SOLUTIONS INC

SILICON IMAGE INC

SONUS NETWORKS  
INC

TANGOE INC

- For our Chief Product & Strategy Officer:

**Company**

HITTITE  
MICROWAVE  
CORP

INTERNAP  
NETWORK  
SERVICES  
CORP

INVENSENSE  
INC

MEDIDATA  
SOLUTIONS,  
INC.

MICREL INC

PDF  
SOLUTIONS  
INC

- For our Chief Marketing Officer:

**Company**

2U, INC.  
AMBARELLA INC  
BAZAARVOICE INC  
CORNERSTONE  
ONDEMAND INC  
FIREEYE INC  
GIGAMON INC  
HITTITE  
MICROWAVE CORP  
INFOBLOX INC  
INTELIQUENT, INC.  
INVENSENSE INC  
MARKETO, INC.  
MONOLITHIC  
POWER SYSTEMS  
INC  
NIMBLE STORAGE  
INC  
OPENTABLE INC  
OPLINK  
COMMUNICATIONS  
INC

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OPOWER, INC.

PDF  
SOLUTIONS  
INC

QAD INC

SILICON  
IMAGE INC

SILVER  
SPRING  
NETWORKS  
INC

TANGOE INC

VARONIS  
SYSTEMS INC

ZENDESK, INC.

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ANNEX C  
(2014 Amendment to the 2010 Equity Incentive Plan)

**2014 AMENDMENT  
TO THE  
STAMPS.COM INC. 2010 EQUITY INCENTIVE PLAN**

Pursuant to Section 20.2 of the Stamps.com Inc. 2010 Equity Incentive Plan (the Plan ), and the action of the Board of Directors of Stamps.com Inc. (the Company ), the Company hereby adopts this Amendment to the Plan. This Amendment is effective September 9, 2014. Capitalized terms used in this Amendment, but not defined herein, shall have the respective meanings for such terms set forth in the Plan.

The Plan is amended in the following respects only:

1. A new definition is added to Section 2 of the Plan to read as follows:  
2014 Plan Amendment means the amendment to this Plan adopted by action of the Board effective September 9, 2014, increasing the number of shares of Stock and Stock equivalents reserved and available for the grant of Awards under this Plan as set forth in Section 3.1.

2. The first sentence of Section 3.1 of the Plan is amended to read as follows:  
The maximum aggregate number of shares of Stock and Stock equivalents reserved and available for the grant of Awards under this Plan is the three million five hundred thousand (3,500,000) shares originally set forth in this Plan plus an additional two million one hundred thousand (2,100,000) shares added by the 2014 Plan Amendment, in each case calculated in accordance with Section 3.2.

3. Section 21.2A is added to the Plan to read as follows:  
21.2A. Stockholder Approval of 2014 Plan Amendment. The 2014 Plan Amendment is subject to approval by the stockholders of the Company within twelve (12) months after the effective date of the 2014 Plan Amendment. No Awards of Restricted Stock or Restricted Stock Units may be granted (or any other issuances of shares of Stock made) with respect to the shares of Stock added to the Plan by the 2014 Plan Amendment unless and until such stockholder approval is obtained. Awards of Options and Stock Appreciation Rights may be granted with respect to the shares of Stock added to the Plan by the 2014 Plan Amendment prior to such stockholder approval, provided that any such Options and Stock Appreciation Rights may not be exercised or become exercisable unless and until such stockholder approval is obtained. Such stockholder approval shall be obtained in the manner and to the degree required under Applicable Laws.

Executed on September 9, 2014, at El Segundo, California.

STAMPS.COM INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_





